



Daily Report

Latin America

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Wednesday
19 September 1990

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Fernandez Denies Alternative Oil Supply Sought

*PA1809123190 Mexico City NOTIMEX in Spanish
2315 GMT 17 Sep 90*

[Text] Mexico City, 17 Sep (NOTIMEX)—Cuban Ambassador to Mexico Jose Fernandez de Cossio has said that so far, Cuba has not sought any alternative oil supply other than the traditional one from the Soviet Union.

The diplomat indicated that Cuba's joining the San Jose Pact "is sheer, groundless speculation," because no talks have been held with the oil supplying countries of Mexico and Venezuela.

Ambassador Fernandez de Cossio said that Cuba is experiencing delays in the arrival of its oil supply because of the Persian Gulf conflict. Fernandez said that these delays affect local supply and forces the implementation of measures to control local oil distribution.

Fernandez de Cossio said that Cuba will wait until the shipments of Soviet oil normalize, thereby abiding by the agreements it has with the Soviet Union. Ambassador Fernandez ruled out the possibility of accepting the offer made by Iraq, which includes free oil to developing countries.

The Cuban diplomat said that his country consumes approximately 13 million tons of oil, but only produces 1 million tons. Fernandez added that "during the first half of this year, Cuba experienced a delay in the arrival of 20 percent of its foreign oil supply. [quotation marks as received]

Fernandez de Cossio indicated that Cuba has started to make significant changes in its way of life as a result of the work conducted by the ruling party with a view to its congress in 1991.

The Cuban ambassador to Mexico said that those who criticize his country have a very one-sided view of what democracy is.

As for the group of Mexican intellectuals who have demanded that Fidel Castro hold a referendum, Fernandez said that "they are determined to see the lack of democracy in some places while ignoring the absence of democracy in others."

Further on, Ambassador Fernandez de Cossio added that the U.S. hostility toward his nation reaches aberrant extremes when it asks Cuba's friends to fight against Cuba to eliminate it.

Culture Minister Armando Hart Arrives in Mexico

*FL1809134090 Havana Tele Rebelde Network
in Spanish 1100 GMT 18 Sep 90*

[Text] Cuban Culture Minister Armando Hart Davalos has arrived in the Mexican capital at the head of a delegation that will participate in the third meeting of culture ministers and officials in charge of culture of

Latin America and the Caribbean. Julio Garcia Espinosa, president of the Cuban Institute of Arts and Film Industry; and Havana historian Eusebio Leal, are the other members of the delegation.

Aside from attending the conference, Hart will fulfill an extensive work program which will include meetings with Mexican intellectuals, professors, university students, and a lecture at the Philosophy School amphitheater of the National Autonomous University of Mexico, among others.

Meets With Mexican Official

*FL1809142090 Havana Tele Rebelde Network
in Spanish 1100 GMT 18 Sep 90*

[Text] At the closing of this Tele Diario [name of newscast], we have received a PRENSA LATINA cable from Mexico City which reports on the meeting held last night between Cuban Culture Minister Armando Hart Davalos and Victor Flores Olea, president of the National Council for Culture and Arts of Mexico.

In the meeting, which was characterized as cordial and friendly, Hart Davalos and Flores Olea talked about the third meeting of culture ministers and officials in charge of culture policies of Latin America and the Caribbean and about bilateral relations.

Hart had previously had a lively and emotional discussion on the Cuban domestic and international situation with diplomatic officials, scholarship holders, and other Cubans who work in Mexico.

Rodriguez Meets With Angolan Foreign Minister

*FL1809141190 Havana Tele Rebelde Network
in Spanish 1100 GMT 18 Sep 90*

[Text] Carlos Rafael Rodriguez, member of the Communist Party of Cuba Politburo and vice president of the Councils of State and Ministers, has received Pedro de Castro Van Dunem, member of the Politburo of the MPLA [Popular Movement for the Liberation of Angola] Labor Party and foreign minister of the People's Republic of Angola, who is paying an official visit to our country. During the meeting, they examined the status of bilateral relations and analyzed various aspects of the international situation.

Giraldo Mazola, Cuban foreign vice minister; (Duarte Raula Carvalho), interim director of socialist countries [title as heard]; Osvaldo dos Santos, Angolan charge d'affaires in Cuba; and Alfredo Francisco, official of the Angolan Embassy; participated in the meeting.

Malmierca, Angolan Foreign Minister Sign Accords

*FL1809204490 Havana Radio Reloj Network
in Spanish 2002 GMT 18 Sep 90*

[Report by Juan Emilio Figols]

[Text] Foreign Ministers Pedro de Castro Van Dunem of the

People's Republic of Angola and Isidoro Malmierca of Cuba signed three agreements in Havana this afternoon at the headquarters of Cuba's Minrex [Foreign Ministry].

The documents pertain to a consular agreement for the purpose of expanding cooperation between the two foreign ministries and on matters pertaining to legal and judicial assistance in family and criminal matters.

After signing the agreements, the two foreign ministers stressed the importance of these accords for increasing Cuban-Angolan relations.

The ceremony was attended by Cuban Justice Minister Dr. Carlos Amat, Minrex Vice Foreign Ministers Giraldo Mazola and Pedro Diaz, the Angolan delegation, and representatives of the Angolan Embassy.

Energy Saving Measures in Food Ministry Noted

*FL1809182090 Havana Radio Rebelde Network
in Spanish 1700 GMT 18 Sep 90*

[Text] The Food Industry Ministry saved in the first 10 days of the month some 15,673 kilowatt hours per day by shifting the energy consumption of 61 percent of its factories and centers outside peak hours. Jose de Jesus Linares, member of the Communist Party of Cuba Central Committee and secretary general of the National Food Industry Workers Union, reported that among the measures being implemented is the total or partial closing of seven large cold storage houses and medium-size installations during peak hour of electricity demand.

He added that eight cold storage centers are being completely closed and 76 partially closed in factories in which the implementation of such measures is feasible. As an example, Linares mentioned the Latin America bottling plant in the capital which does not operate during peak hours and does not have to reduce the work day.

Linares said the Food Industry Ministry is organizing the work transportation routes to reduce the number of trips. Also, the production of vinegar and dry wine in bulk is being increased. This brings savings in terms of the number of bottles being used and filled. He added that the dairy and beverage enterprises are considering, and in some cases are actually implementing, the distribution and pick up of mixed containers so that a single vehicle can carry out the task. This is being done by the dairy enterprise Pinar del Rio.

Castro Tours Havana Province, Attends Reception

*FL1809132790 Havana Tele Rebelde Network
in Spanish 1100 GMT 18 Sep 90*

[Text] The newspaper GRANMA published today a report entitled "Seven Hours on a Sunday With Fidel" which includes the commander in chief's extensive tour through camps, houses, and roads in Havana Province beginning at noon last Sunday 16 September. Fidel paid special attention to agricultural activities, plans, and its

current situation. He remained at the Agriculture Ministry's Directorate Council for almost two hours and later went to Guines, Melena del Sur, and Batabano Municipalities.

Fidel told GRANMA: We got a good impression of these places. He added: We are doing what we need to do to solve problems.

On another matter, Commander in Chief Fidel Castro, president of the Councils of State and Ministers, attended last night a reception to mark the 180th anniversary of the Cry of Dolores hosted by Mexican Charge d'Affaires Carlos Ferrer.

Castro, who is also the first secretary of the Communist Party of Cuba Central Committee, had a long conversation with Senator Gonzalez Martinez Corbala, special envoy of President Carlos Salinas de Gortari.

Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers; Politburo members Jorge Risquet, Julio Camacho, Pedro Miret, and Vilma Espin; Cuban Foreign Minister Isidoro Malmierca; and Faustino Perez, president of the Cuban-Mexican Institute of Cultural Relations, attended the reception.

Views Agricultural Activities

*FL1809185990 Havana Radio Reloj Network
in Spanish 1402 GMT 18 Sep 90*

[Text] On Sunday, President Fidel Castro made an unexpected tour of camps, houses, and roads of Havana Province. Agriculture—its plans and its present status—was the main subject of his tour, which began approximately at noon. Initially, he participated for almost two hours in a meeting of the Agriculture Ministry's Directorate. Afterward, he went to the rural areas of Guines, Melena del Sur, and Batabano, accompanied by Carlos Lage, a member of the State Council.

From beginning to end, Fidel's talks with provincial agricultural leaders, the head of the directorate, peasants, students, and mobilized workers, served to assess projects that are being embarked upon despite difficulties. His final comment, after seven hours of viewing everything from the food program to the actual fields being planted, was that he is impressed by the great effort that is being made. Fidel's tour of agricultural areas in Havana Province led him to state emphatically: We are doing what we must to solve our problems.

Meanwhile, opportunities that have resulted from the introduction of promising techniques of planting and other efforts have been directed toward making the land in Havana Province produce enough to make the province and the capital self-sufficient so that, except for very exceptional occasions, it will not depend on other areas.

However, it is best to discuss point-by-point what the commander in chief saw and heard, beginning with a briefing given him during the meeting. Subjects ranging from laboratories to the planting of pastures, the pig

breeding plan, the use of agricultural machinery, the use of animals for hauling, and many other things were discussed during the intensive meeting of the Agriculture Ministry Directorate.

At the Agriculture Ministry Directorate meeting, Commander in Chief Fidel Castro was briefed specifically on the current status of construction of the laboratories that are needed to combat blights by biological means. A total of 82 such laboratories are to be built in the state and cooperative sectors. They require precise planning, province by province, if they are to be completed by December, as hoped. More than 40 of these will be new buildings adapted from typical housing units of between 40 and 40 [as heard] square feet, with tile, fiber, or cement roofs.

The participants later discussed the sowing of pasture land and the obstacles that have caused the greatest delays in the preparation of land for this purpose in Pinar del Rio, Las Tunas, and Ciego de Avila, as well as the difficulties caused by excessive rain or drought and other existing problems.

The pig breeding plan calls for the construction of 578 sheds, 354 of which are already underway, Servilio Diaz, director of the pig breeding union, said during the meeting. This year, the production of pork in Havana Province should rise to 19,500 tons, the highest in the country, followed by Villa Clara, with 14,000 tons.

Fidel Castro expressed concern regarding production of the fodder necessary to guarantee the functioning of the Havana Province centers. It was explained that several toruga yeast factories will be used for this purpose, in addition to the collection of food scraps. Fidel then warned that these great pig development plans must not be undermined by other agricultural enterprises, and that national production of liquid fodder should approach 1.8 million tons.

In the meeting, the topic of feeding pigs was discussed. Fidel said that pigskins will also be used as food, since it is rich in protein. He said that he has estimated that the meat from 20 general centers could produce 1 million hamburgers a day. The rest of the meeting dealt mostly with the cultivation and harvesting of garden vegetables, primarily in Havana Province, which has 1,700 caballerias, including state- and peasant-owned land.

Before leaving, Fidel mentioned the hydraulic works that are underway, with special emphasis on the two Pinar del Rio dams, and dozens of hectares devoted to fish breeding, as well as the effort to irrigate rice, sugarcane and vegetable fields.

Later, Fidel made an unannounced visit to Guines in the afternoon to visit schools where students are studying on scholarships, including the Republic of Panama Preuniversity Military Institute. Fidel's impromptu greeting at the conference room was the beginning of a visit that ended at the Dagoberto Martinez Portal, where he talked

with relatives and residents of the San Pedro Farm on the Melena del Sur Highway.

Fidel Castro made brief stopovers on the road from Melena del Sur and Batabano, the first at the Raul Diaz Arguelles IPUEC [Preuniversity Institute in the Countryside], where Fidel talked with students. He also spoke with Ramiro Gonzalez [not further identified] at the side of the road, in front of a yucca field.

At Novo Camp in Batabano, the commander in chief spoke with some 200 men and 51 women workers from central Havana Province. He later talked with Adolfo Montalvo, director of a mixed crop enterprise, noting the aggressiveness of weeds.

Speaks to Youth Brigade

*FL1809125590 Havana Television Service
in Spanish 1700 GMT 16 Sep 90*

[Text] Commander in Chief Fidel Castro, first secretary of the Central Committee and president of the Councils of State and Ministers, visited the mobilized workers from the Union of Young Communists who are working at agricultural tasks in Guines Municipality in Havana Province. You are doing what must be done, Fidel said to the 109 comrades who are supporting the immediate tasks of the food program for Havana and Havana City Provinces. The members of the youth contingent are working in areas of the 273-caballeria multiple crops enterprise in Guines Municipality.

Fidel talked about what is being done to develop agriculture, the water management program on the southern coast of Havana Province, the microjet system for growing plantains, the use of multiple plowing, the pig-raising plans, and fishfarming, among other things. Another subject of current interest mentioned by our commander in chief was construction. For the moment, new projects will not be begun, he said, but none of those already started will be halted.

Regarding new measures that could be adopted concerning the fuel crisis, Fidel said that the number of working days could be reduced, because it is not our formula to make massive layoffs. He reported that ways to transport workers to their work places are under study; 200,000 bicycles have been purchased, and negotiations are being made for 500,000 more. In saying goodbye to the mobilized workers, the commander in chief repeated: You are doing what must be done now. This is your Sierra Maestra.

Inter-Caribbean Affairs

Leaders Meet To Discuss OECS Political Union

*FL1809163490 Bridgetown CANA in English
1603 GMT 18 Sep 90*

[Text] St. George's, Grenada, Sept 18, CANA—Heads of governments of the Windward Islands began a two-hour

meeting here on Tuesday, discussing the proposals for a political union. The leaders of Dominica, St. Lucia, St. Vincent and the Grenadines, and Grenada were meeting at the Coyaba Hote, just outside the capital, St. George's.

Grenada's prime minister, Nicholas Brathwaite, said that the meeting will review the progress made on the question of political union among the four members of the Organisation of Eastern Caribbean States [OECS]. Last month the representatives of the four countries met on Palm Island in the Grenadines and outlined a series of recommendations for a political union.

Brathwaite said that his administration had written to all political parties here seeking co-operation on the issue. Brathwaite told reporters that other OECS member countries will join the union, once the benefits have been realised. The OECS groups the islands of Antigua and Barbuda, Dominica, Grenada, St. Vincent and the Grenadines, St. Lucia, St. Kitts and Nevis, and Montserrat.

Sandiford Addresses Regional Unity Issue

*FL1809165590 Bridgetown CANA in English
1618 GMT 18 Sep 90*

[Text] Kingston, Jamaica, Sept 18, CANA—Barbados Prime Minister Erskine Sandiford says Caribbean Community (Caricom) countries will have to quickly take "bold decisions" to strengthen the regional integration movement.

"The goal of closer Caribbean unity is one that has eluded us for some time. We came close at one period and then it slipped away. We.... started a process of gradually making our way back together, but have come to realise that time is against us," Sandiford said here at a function honouring Acting Jamaican Prime Minister P.J. Patterson for 20 years of service to his constituency.

Sandiford was quoted by the government news agency, JAMPRESS, as saying that there was no time to lose in making the necessary decisions and putting them in place.

"Caribbean unity was not an end in itself but merely a way of achieving sustainable economic and social progress and improvement in the living standards of the people of the region," he stated.

"Developing, no less than developed, countries must perennially be engaged in the exercise of improving the quality of life for their inhabitants," Sandiford said.

He asserted, however, that development must be so permeated with human values that it would lead to the creation of a more just economic and social order.

Compton on Conditions for Haiti Caricom Membership

*FL1809183490 Bridgetown CANA in English
1715 GMT 18 Sep 90*

[Text] Castries, St. Lucia, Sept 18, CANA—St. Lucia Prime Minister John Compton has said that before Haiti can become a full member of the Caribbean Community

[Caricom] it will need to adhere strictly to the democratic traditions observed across the globe. It will first need to hold general elections and form a government with the potential to last, Compton remarked.

"Before we talk about Haiti in Caricom, Haiti has got to have elections and a government that we know will last," he said. "In the last few years Haiti has had probably five or six changes of governments and the important thing now is for Haiti to bring itself within the ranks of democracies within the Caribbean and the world," Compton said.

However, Prime Minister Compton said it has been agreed that Haiti's observer status in a number of organs in Caricom will be maintained. He says a technical team has been appointed to investigate in what areas this relationship can be deepened.

Officials in Haiti have been looking at ways to improve their ties with the Caribbean Community. Compton said it was clear from the last Caricom heads of government meeting that all Caricom states are anxious to give a helping hand to Haiti.

"It is clear that we all realise that Haiti needs help. We cannot just ignore Haiti. It is a Caribbean country and the poorest in the hemisphere and we cannot just stand by and drift further into the abyss of chaos," he said. "We have got to extend a helping hand to Haiti, but certain things must be put in order at home, and the first thing is for them to have free and fair elections.

"They must produce a government that will not be subject to the dictates of the military and the government (must have) some stability to carry out the undertakings that are necessary to be a member of such a group as Caricom."

Jamaica

Manley Comments on Deregulation, Economic Issues

*FL1809131290 Bridgetown CANA in English
0021 GMT 18 Sep 90*

[Text] Kingston, Jamaica, Sept 17, CANA—Prime Minister Michael Manley has appealed to local businessmen not to use the current economic situation to exploit consumers with unreasonable price hikes. In a radio and television broadcast Sunday, he urged them to refrain from pushing up prices to make a killing, and to act with responsibility.

"We may find people who try to take advantage of the situation so as to make a killing. We are going to watch very closely.... To exploit a temporary situation now hurts everyone, creates confusion, and may eventually backfire on you," Manley cautioned.

Two weeks ago, the government announced the deregulation of the petroleum industry which has seen steep rises in the cost of gasoline at petrol stations and a more

than an 80 per cent increase in some cases for liquid petroleum gas used for cooking.

Manley's appeal came just hours before a new deregulated system governing trading on the foreign exchange market by commercial banks went into effect. Under the new inter-bank foreign exchange trading, commercial banks will now buy foreign exchange for sale on a competitive basis to bona fide traders, rather than for the central bank. It is this system which will effectively set the rate of trading of the Jamaican dollar against its U.S. counterpart.

A first vice president of the Bankers Association has been quoted as saying the new rate could be anywhere between J 7.50 and J 8.00 dollars to U.S. one dollar, effecting a de facto devaluation. The official rate up to last Wednesday was J 7.00 dollars to U.S. one dollar.

In his broadcast, Manley said the present economic policies were part of an inevitable strategic change in economic direction. The success of the policy would be affected by the government's ability to control the amount of demand for money in circulation.

"As difficult as it is, we have to maintain the control of demand through wage guidelines, (currently at 12 and a half per cent), and tight credit and high interest rates which hurt everyone," Manley said.

Manley said the more carefully the period of transition was managed, the quicker the country will begin to emerge on the other side where a more efficient economy would permit the easing and eventual abolishing of wage guidelines, an easing in credit, and a lowering of interest rates.

Island Dollar Falls on First Day of Deregulation

*FL1809182190 Bridgetown CANA in English
1747 GMT 18 Sep 90*

[Text] Kingston, Jamaica, Sept 18, CANA—On the first day of deregulated trading in foreign currency by commercial banks, the value of the Jamaican dollar fell by just over five percent to its U.S. counterpart. Commercial banks were asking for between Ja 7.30 and Ja 7.51 dollars for U.S. 1 dollar. Up to last Wednesday when the central bank stopped trading in foreign exchange to allow the new system to take effect, it required seven Jamaican dollars to buy one U.S. dollar.

Some local economists have interpreted the lower than predicted fall to cautiousness on the part of the commercial banks. The "black market rate" up to last Wednesday was closer to Ja 8 dollars for one U.S. dollar. Jamaica last Tuesday announced it was de-regulating the foreign exchange system.

CTM Leader Velasquez on Free Trade Agreement

PA1809185290 Mexico City NOTIMEX in Spanish
0009 GMT 18 Sep 90

[Text] Mexico City, 17 Sep (NOTIMEX)—Mexican and U.S. workers should unite to keep the free trade agreement from including clauses that affect their interests, even though it is the two governments that will sign this agreement, CTM [Confederation of Mexican Workers] Secretary General Fidel Velasquez Sanchez stated today.

Velasquez today received members of the International Labor Solidarity movement headed by U.S. citizen Carlos P. Avitia.

He said that in Mexico the working sector is already telling the government to keep a free trade agreement with the United States from causing businesses to close and the mass dismissals of workers.

Velasquez also said that currently around the world unionism is confronting a campaign by employers, supported by some governments, intended to minimize and weaken the international labor movement until it disappears.

The campaign, he said, is designed to establish the union system that prevails in Japan, where the unions are meaningless, employers and workers deal with each other directly, and the labor delegates are designated by the companies themselves.

*** Substantial Support Found for Trade Agreement**

90CA0114A Mexico City 'Cuaderno de NEXOS'
Supplement in Spanish No 151, Jul 90 pp VI-VII

[Article: "Survey Corner: Who's Afraid of Free Trade?"]

[Text] This poll was conducted by Professional Opinion, Inc. within the metropolitan area of Mexico City, and in 25 cities and towns in 22 states of Mexico. The states, cities and locations were selected at random. The persons interviewed were citizens passing by in the street at points selected randomly on a map. Therefore, in a strict sense, probabilistic selection criteria were not used in choosing the persons interviewed, but they did cover a broad and representative spectrum of Mexican people from different social classes, and were residents of rural, semiurban, urban, and metropolitan areas. In all, 5,000 interviews were conducted; only 500 of these interviews were done within the metropolitan area of Mexico City.

Free Trade Agreement

Of the persons interviewed, 59.4 percent said they would favor an ALC [Free Trade Agreement] eliminating tariffs and trade barriers between Mexico and the United States. Conversely, only 19.3 percent said they would oppose such an agreement.

[Question] Eliminating tariffs and trade barriers on products between two countries is called a "free trade agreement." Would you be in favor of, or opposed to this

type of agreement between Mexico and the United States?

In Favor	Opposed	No Preference	Don't Know
59.4	19.3	10.1	11.2

ALC Extension

Furthermore, 65 percent of the population feels that the ALC should be extended to include Canada. This proposal has met with more support in Mexico than in the United States. In the results of the poll published in EXCELSIOR on 1 June, 59 percent of the U.S. citizens polled believe that the treaty between Canada and the United States should be extended to include Mexico.

Competitiveness of Mexican Products

The persons polled think that Mexican products in general (41.5 percent), or at least some of them (36.1 percent) can compete with U.S. products.

[Question] Do you believe that Mexican products can compete with U.S. products?

Yes	Some Products	No	Don't Know
41.5	36.1	18	4.4

For this reason, 52.3 percent think that with an ALC, Mexico's sales to the United States would increase, and only 14.5 percent believe they would decrease.

Risks of an ALC

Opinions on whether an ALC is advisable for Mexican industry are quite divided: 41.4 percent think that such an agreement is advisable, while 36.2 percent think it is not.

[Question] Would a free trade agreement be advisable for Mexican industry or not?

Advisable	Inadvisable	Wouldn't Matter	Don't Know
41.4	36.2	7.6	14.8

Almost identical proportions of the people polled believe that with an ALC, unemployment would increase (33.7 percent) or that it would decrease (33.2 percent).

[Question] And what do you believe would happen with unemployment: would it increase or decrease?

Increase	Decrease	Would Remain the Same	Don't Know
33.7	33.2	18.7	14.5

Salaries

Opinion is also divided on the probable impact of the proposed ALC on salaries: 31 percent believe salaries

would increase; 30 percent believe they would remain the same, and only 21 percent believe that salaries might decrease with an ALC. In general, there is no fear that salaries would decline as a result of an ALC with the United States; nor do people think that it would have an immediate positive impact on income.

[Question] And what do you think would happen to salaries: would they decrease or increase?

Increase	Remain the Same	Decrease	Don't Know
31.4	30.5	21.2	16.9

Prices

The majority of the population believes that prices in Mexico would decrease if an ALC were signed with the United States: 52 percent of the people polled hold this view. This opinion is in the majority in all regions of Mexico, with the exception of the south, where the opposite opinion prevails.

[Question] Do you believe that this agreement would help to lower prices of products sold in Mexico?

Yes	No	Don't Know
52.5	31.1	16.4

Regional Differences

There are significant differences among people polled from different geographic regions of the country. For example, in the southeast and the west, over 70 percent said they would favor the ALC, while in the ZMCM [Metropolitan Area of Mexico City], the center and south of Mexico, fewer than 55 percent expressed their support. In a similar fashion, the persons polled in the ZMCM, in the center and north tend to think that Mexican products are competitive. Also, a larger proportion of the inhabitants of the southeast, north and northwest think that the ALC would be advisable for Mexican industry.

El Salvador

Government Spokesman: FMLN Obstructs Dialogue

PA1909014590 San Salvador LA PRENSA GRAFICA
17 Sep 90 p 77

[Report by Mario Erwin Larin]

[Text] San Jose, Costa Rica, 16 Sep—The Armed Forces issue has been sufficiently discussed and, if we are still not working on the search for possible agreements, it is because of the FMLN [Farabundo Marti National Liberation Front] strategy, Dr. Oscar Santamaria, spokesman for the government dialogue commission, said yesterday.

The FMLN is to blame for the slowness of the process, he said, because they want to keep discussing a topic that has already been sufficiently discussed. He said that this is why very little progress has been made.

Colonel Mauricio Ernesto Vargas, military member of the commission, said there was a "standstill" on the issue concerning the "disappearance of the Army." He agreed with Dr. Santamaria that the topic has already been discussed in previous rounds of talks.

"It is like asking me to kill myself. How can I be flexible on this point? What am I going to do to make progress on my position in this regard? I cannot be cutting my veins one by one until you are satisfied," Vargas said while explaining the problem.

Vargas insisted the FMLN must stop stressing this point and not maintain its position or else there will be no progress.

Dr. Santamaria believes that this is a strategy of the FMLN. It does not want to reach any agreement so that it can blame the government for the failure. If the FMLN accepted that there are areas of agreement between both sides and possibilities of reaching agreements, they would be clearing the way for the signing of other agreements leading to a cease-fire.

The lack of trust is another factor that has been mentioned by Dr. Alvaro de Soto at the negotiating table. According to Dr. Santamaria, it should be overcome or else reality will prevail over negotiation and there will be no topics left to discuss.

Santamaria noted the recent agreement reached by the interparty commission on the reforms to the electoral system, which is ready to be discussed at the negotiating table even though the FMLN does not want to make progress on the Armed Forces issue. Other agreements will be reached outside the negotiating table and reality will prevail, he said.

The FMLN says that the government is uncompromising in the negotiations because it does not want to change its position.

The 33-point proposal, said Roberto Canas from the Political-Diplomatic Commission, is a promise that should have been made a long time ago. That is not negotiable, it is just a promise, he said.

Last night the meeting was scheduled to start at 1600, but the FMLN delayed it for two hours when they left the hotel and headed toward the mountains, without specifying where they were going. Once they returned, two buses full of Salvadoran refugees were waiting for them to hand them a document, which stated their position regarding the negotiations.

Shouting "demilitarization" and carrying posters with slogans against the Armed Forces, the refugees held a meeting with the FMLN members in the hotel's parking lot.

This evening the FMLN will hold a reception for the diplomatic corps in Costa Rica, where they will supposedly hold special meetings with various diplomatic representatives.

Army Said Intensifying Antiguerilla Operations

PA1809165190 Hamburg DPA in Spanish 1544 GMT
18 Sep 90

[Text] San Salvador, 18 Sep (DPA)—Military sources have reported that the Salvadoran Army and guerrilla columns clashed this morning on the slopes of San Salvador Volcano, approximately 24 km northeast of San Salvador, in an area known as "Las Margaritas."

Reports from Quezaltepeque, 30 km northeast of San Salvador, indicate that helicopter gunships were supporting troops trying to destroy guerrilla hideouts.

Preliminary reports did not mention any possible casualties.

The Salvadoran Army has redoubled antiguerrilla operations in view of persistent statements by guerrilla spokesmen that only through a new rebel offensive will the Armed Forces be forced to adopt a more flexible position and accept at the negotiating table the purging of its ranks, the end of impunity, and punishment for those responsible for crimes and massacres, as well as a reduction in the size of the Armed Forces.

Meanwhile, patrolling has been intensified along the outskirts of San Salvador in an attempt to prevent the flow of weapons to the urban safe houses of guerrilla commandos and because the guerrillas themselves may try to store weapons to launch a military offensive similar to the one carried out in November of last year.

The Armed Forces Press Committee today reported the death of a policeman during an ambush of a military truck along the outskirts of the city of Santa Ana, 65 km west of San Salvador.

Reportedly Uncovers Rebel Plans

PA1809165490 San Salvador Radio Cadena YSKL
in Spanish 1220 GMT 18 Sep 90

[Text] Salvadoran Defense Ministry sources have reported that the Army is patrolling the capital and suburban areas to thwart any actions that the rebels might take. According to the report, military intelligence officers have uncovered rebel plans to attack military targets. The report prompted the mass deployment of Army contingents throughout San Salvador and its outskirts, government sources have added.

FMLN Communique Urges Government, Army Debate

PA1909004590 San Salvador Radio Cadena Sonora
in Spanish 1700 GMT 18 Sep 90

[Communique issued by the General Command of the Farabundo Marti National Liberation Front in El Salvador on 17 September]

[Text] Summons to the government, the Armed Forces, and the Arena [Nationalist Republican Alliance] Party. From the beginning of the negotiation process, the Salvadoran Government has tried to misrepresent 15 September as a fatal deadline in order to blame the FMLN [Farabundo Marti National Liberation Movement] for noncompliance [as heard]. We do not want to play the government's publicity games or take the blame for something we have not done. In addition, the government has publicized and labeled our proposal on the Armed Forces using distorted interpretations. The purpose of this national and international campaign is to confuse the population so as to establish that the FMLN is making irrational demands at the negotiating table and does not want peace.

Several military spokesmen, government officials, and Arena party leaders have described our proposal as ridiculous, idealistic, tough, etc. Inasmuch as this topic is decisive to resolve the conflict, the FMLN proposes Cristiani, Colonel Ponce, Mr. Calderon Sol, and Dr. Oscar Santamaria to hold a public debate at the Legislative Assembly to discuss in detail our position and that of the government and the Armed Forces on this issue.

The FMLN would be represented by Commanders Jorge Shafik Handal, Francisco Jovel, Ana Guadalupe Martinez, and Salvador Samayoa in this public debate, which we propose be broadcast nationwide by the radio and television network. We also propose the presence of the diplomatic corps at the Legislative Assembly. To create an appropriate climate for holding this debate, the FMLN would decree a truce of 48 hours or whatever time our delegation remains in the country.

[Signed] FMLN General Command,

El Salvador, 17 September 1990

Opposition Backs FMLN Proposal

PA1909013690 Mexico City NOTIMEX in Spanish
2141 GMT 18 Sep 90

[Report by Maria Cortina]

[Text] San Salvador, 18 Sep (NOTIMEX)—The Salvadoran political opposition has voiced support for the guerrilla proposal to discuss the future of the Armed Forces in the Legislative Assembly. The Christian Democratic Party (PDC) and the Democratic Convergence (CD) favorably viewed the Farabundo Marti National Liberation Front's proposal to continue the dialogue in the Legislative Assembly. "We agree that a public debate should be held so that the community can participate and learn the positions held by each side," PDC leader Eduardo Colindres said.

Gerardo Lechevalier, also from the PDC, voiced disappointment over the results of the meeting held in San Jose, Costa Rica on 13-18 September. "The stagnation of the process is serious for the future of the nation," he added. The leaders of the CD, a coalition of leftist parties, said in a news conference that the public debate would be the only way for the people to learn the positions held by the government and the FMLN. In this way, they added, the people "would know who wants peace."

In view of the lack of agreement on the issue of the Armed Forces, the guerrillas today proposed to the Alfredo Cristiani government that a public debate be held in San Salvador and that it be broadcast over a national radio and television network. The negotiating commissions of the government and the FMLN ended their fifth dialogue meeting in San Jose today. The only agreement reached was that they will hold a new meeting at the latest on 4 November in Mexico.

Reverend Edgar Palacios, leader of the Permanent Committee for the National Debate on Peace (CPDN), said the FMLN offer "is positive because it will permit in-depth knowledge about the real situation of the talks." Palacios announced that the CPDN, formed by 70 political and social organizations, will pressure the government to accept the guerrillas' request for a public debate with the presence of international observers.

The National Union of Salvadoran Workers (UNTS) said the public debate proposed by the FMLN "is needed to achieve progress on the issue of the Armed Forces."

FMLN Commander Jovel Discusses Peace Talks

PA1909030890 San Salvador Radio Cadena YSU
in Spanish 1730 GMT 18 Sep 90

[Interview with Francisco Jovel, commander of the Farabundo Marti National Liberation Front, by Carlos Mario Marquez in San Jose, Costa Rica—live]

[Text] [Marquez] Good afternoon, friends of Radio Cadena YSU in the fourteen departments of the Republic. We are speaking from the capital of Costa

Rica. We are going to be evaluating the dialogue that the Salvadoran Government and the FMLN have held in this capital from Thursday of last week until this Tuesday. At our side we have FMLN Commander Francisco Jovel, Francisco Roca, who will give us his opinion at the conclusion of this dialogue session.

[Jovel] Good afternoon, listeners of Radio Cadena YSU and people of El Salvador. In the opinion of the FMLN delegation, this round of talks—which has just concluded and which had the Armed Forces as its main issue—has made it possible for the delegates to discuss in more detail positions that had already been presented: the 33-point position of the government and the 18-point position of the FMLN. In our opinion, agreements have not been reached basically because of the non-negotiable government proposals. We believe it is necessary for social and political sectors to make major efforts—from now until the next round of talks—to demand that the government's proposal be made negotiable.

We believe the fact that the FMLN delegation has declared it is willing to fully back the electoral-related agreements of the Interparty Commission is very important. As we have said publicly, it is necessary for the Legislative Assembly not to obstruct the prompt approval and implementation of these agreements. This is evidence of the FMLN desire to find ways to make the negotiating process advance. We have denounced and regretted the Armed Forces' failure to show respect for human rights agreements. We have presented to Alvaro de Soto a report listing the human rights violations that were committed in the period between the previous round of talks and this round of talks. We think it is indispensable that signed agreements be respected.

We think that the discussions that took place during this round of talks have created conditions for progress to be made at the next round of talks in Mexico. We have proposed that a public debate at the highest level—between two members of the FMLN Command and President Cristiani—take place in the Legislative Assembly of El Salvador so that the Salvadoran people may get to know the status of the negotiations process; so that the manipulation of propaganda comes to an end; and so that the people may have the opportunity to know, through a serious and dignified debate, the positions that the two sides maintain at the negotiating table. That was a tight summary of what this round of talks has concerned.

[Marquez] What would happen if no progress is made during the 4 November round of talks that includes Alvaro de Soto? Would you just set a date for a new round of talks?

[Jovel] We do not have to think about the future negatively. Our position is very positive. We believe there is room for progress in the round of talks that will begin on 4 November, at the latest. I repeat that all the political and social sectors and all the associations of El Salvador have the responsibility to urge the government and the

Armed Forces to adopt a true negotiating disposition. We think this is important because what is at stake is a national agreement that cannot exclude any of the sectors of Salvadoran society. We all have the responsibility to work for negotiations that will create the basis of civilized coexistence and a true democratic system in El Salvador.

It is necessary, therefore, to get rid of a military dictatorship that has existed in El Salvador for more than 60 years; that looms above all other political factors; and that imposes the terms under which political parties and social sectors must work. We need a better and more democratic El Salvador, with a government of the people and for the people and not a government of a sector of society for the benefit of that sector of society. This is what we are seeking in this negotiating process, and I believe that all the Salvadoran sectors must join efforts in this direction.

[Marquez] In El Salvador, there are great doubts regarding peace in the country. The media here has lost hope in a peace agreement for El Salvador being reached this year. What can we tell the Salvadoran people at this moment of uncertainty, Commander Francisco Jovel?

[Jovel] First, that the FMLN is seriously looking for a negotiated solution to the war in El Salvador. This position should produce hope. This position tries to represent the desire for peace of the Salvadoran people, but this peace cannot be attained at the expense of the possibility of having social justice in our country. We are in favor of peace with social justice and of peace with a democratic regime in El Salvador.

We believe that the Salvadoran people must not let intransigence, especially that demonstrated by the the most backward rightist sectors in the Armed Forces, defeat the possibilities of the negotiating process. The FMLN is making every effort to produce peace as soon as possible and to avoid frustration. We think this is a good starting point. This is part of our responsibilities. We have to demand that the government side do what it should do in this regard.

[Marquez] Dear listeners, we have heard an evaluation of the dialogue process from the point of view of the FMLN, as stated by Commander Francisco Jovel. Is there anything else you would like to tell the Salvadoran people, commander? This is an opportunity.

[Jovel] I would like to give my greetings. I believe that in this month in the fatherland, all the Salvadorans have the obligation to think carefully about what we are all doing for the fatherland and for peace. This is a month when all citizens must think seriously. There can be no indifference. Politics, war, negotiations, and the search for peace are all calling for a militant search for a solution. This is my message to the Salvadoran people. Indifference by the people and social sectors would be the worst thing that could happen; it would jeopardize the possibility of peace in El Salvador. We have noticed that indifference is being defeated, but more dynamism

is needed and the search for a solution must be expanded. I think we can have peace soon if we all work for it. Thank you to YSU for this opportunity and greetings to the Salvadoran people during this month in the fatherland. We know that we are getting closer to the possibility of having a better El Salvador.

UN Mediator Issues Communique on Renewing Talks

PA1909013590 San Salvador Radio Cadenay YSU
in Spanish 1730 GMT 18 Sep 90

[Communique issued by Alvaro de Soto, UN secretary general representative and mediator, in San Jose on 18 September]

[Text] The negotiating commissions of the Salvadoran Government and the Farabundo Marti National Liberation Front (FMLN) met in San Jose, Costa Rica on 13-18 September 1990 with the participation of the representative of the UN secretary general. The main topic in this round of talks was once again the Armed Forces. The positions maintained by the two sides on this topic do not yet permit the reaching of an agreement, despite the efforts made to bring those positions closer during this round of talks. On my part, I have continued to gather elements that might help future efforts to reach a possible agreement on this topic.

The reports received from San Salvador about the agreement reached by the interparty commission on electoral reform were received with satisfaction. As can be recalled, the work of the interparty commission began after the signing of the agreement in Geneva on 4 April that began the current negotiating process. The next direct meeting between the negotiating commissions will be held in Mexico at the latest on 4 November 1990. The channels established by the Geneva agreement, including the mediation of the representative of the UN secretary general, will be used to promote the current process, to which both sides have reiterated their firm support.

UN Patrols Borders To Prevent Arms Trafficking

PA1909041690 Mexico City NOTIMEX in Spanish
2150 GMT 17 Sep 90

[Text] San Salvador, 17 Sep (NOTIMEX)—The Salvadoran Foreign Ministry reported today that special UN forces are carrying out operations in the coastal areas of this nation to deter the trafficking of arms from Nicaragua. Deputy Foreign Minister Ricardo Valdivieso said that members of the UN Observer Group in Central America (ONUCA) are patrolling the coasts of the Fonseca Gulf to prevent the Salvadoran guerrillas from receiving war materials.

Valdivieso said that the operation "is within the framework of the Esquipulas Peace Process Agreements," signed by the regional presidents who requested the presence of ONUCA to wipe out the support given to rebel groups. Valdivieso reported that ONUCA naval forces "have patrolled very diligently for 15 days,"

adding, "we are going to be on the lookout to help them if anything suspicious occurs."

El Salvador, Honduras, and Nicaragua all have access to the Fonseca Gulf, located in the Pacific Ocean. According to the deputy foreign minister, the gulf has served as one of the channels for supplying the rebels with military equipment. The government of Alfredo Cristiani has claimed that the Nicaraguan Army sends arms to the Farabundo Marti National Liberation Front (FMLN); however, this report has been denied by Violeta Chamorro's government.

Cristiani requested additional support from ONUCA and President Chamorro when a French citizen was arrested on the Honduran-Nicaraguan border trying to transport a cargo of war supplies into El Salvador. Valdivieso sent a note last week to the Government of Nicaragua "requesting assistance" to avoid the trafficking of weapons, which, according to him, is intended for the FMLN.

Guatemala

Government Denies Report of President's Accident

PA1809172690 Panama City ACAN in Spanish
1523 GMT 18 Sep 90

[Text] Guatemala City, 18 Sep (ACAN-EFE)—A presidential spokesman today denied that President Vinicio Cerezo had suffered a minor accident while diving in the Pacific Ocean. A "Tele-Prensa" television newscast reported on 17 September that one of President Cerezo's oxygen tanks had failed while he was diving. The newscast reported that the President had been rescued by two staff officers who then took him to his yacht, the "Odiseo." The Presidency, however, denied the report, saying that possibly it was due to the scant information available during the independence holidays. According to the official report, Cerezo had been staying at the "Santo Tomas" presidential resort, in southern Guatemala. He will resume his duties today.

Poll Reveals 36 Percent Have Permanent Jobs

PA1809143990 Guatemala City SIGLO VEINTIUNO
in Spanish 15 Sep 90 p 3

[Text] Only 36 percent of the economically active population of Guatemala have full-time jobs and earn minimum wage or more, according to the second national socio-demographic poll taken by the National Statistics Institute (INE) in 1989.

The poll, taken during the months of April and June in 1989, specifies that the economically active population of the country consists of citizens between the ages of 10 to 65 of both sexes and includes 2.9 million people.

This group consists of 74.5 percent men and 25.5 women, whose principle activity is agriculture, followed by communications, and community and social services. The poll adds that 64.3 percent of the economically

active population is underemployed—when a person has irregular employment, lacks a normal eight-hour work schedule, or is paid less than minimum wage. These conditions prevail in the rural areas.

Underemployment is divided into visible and invisible employees. The first group consists of those who work less than 40 hours per week, because they have no other opportunity. Invisible employees are defined as those who work more than 40 hours per week, but their salary is less than the established minimum wage. Among this group, 40 percent are heads of households.

This report has been compared to the first poll taken by INE in 1986, and according to the information, the rate of unemployment has dropped.

The document adds that the rate of general unemployment during the first poll amounted to 3.5 percent, while in the second poll it amounted to 2.0 percent. This trend is evident among both men and women.

Another interesting factor in the poll is that it specifies that the economically active population, principally comprised of persons between ten and 44 years of age, is equivalent to 77 percent of the total population.

Likewise, the average monthly household income amounted to 255 quetzales in 1986, while in 1989 it reached 359 quetzales.

The research was conducted with the cooperation of the UN Foundation for Population. It was intended to encompass the entire country and covered 10,934 homes as a representative sampling of the population.

Municipal Christian Democratic Leader Killed

*PA1909041090 Guatemala City EL GRAFICO
in Spanish 18 Sep 90 p 7*

[Text] Sebastian Morales Lopez, a 38-year-old Guatemalan Christian Democracy [DCG] municipal leader, was shot to death by unidentified individuals in San Pedro Jocopilas, in Quiche Department.

The police investigating the crime have said that unidentified individuals opened fire, immediately killing Morales Lopez. The victim held the post of assistant secretary general of the DCG in San Pedro Jocopilas, Quiche.

The authorities said that the case is under investigation. They said they do not know how the crime was committed because there were no witnesses.

Unidentified individuals had previously opened fire on a vehicle driven by a bodyguard of DCG presidential candidate Alfonso Cabrera on the road to Huehuetenango. No damage was reported.

Celso Giron, the local mayoralty candidate for the Union of the National Center [UCN], was shot to death

in San Pedro Jocopilas on 28 August when he was distributing propaganda of UCN presidential candidate Jorge Carpio Nicolle.

Honduras

Callejas in Madrid, Anticipates Economic Aid

*PA1809184090 Madrid EFE in Spanish 0859 GMT
18 Sep 90*

[Text] Madrid, 18 Sep (EFE)—Honduran President Rafael Leonardo Callejas, upon his arrival in Madrid, today emphasized his country's difficult economic situation, which has been aggravated by the Persian Gulf crisis.

Callejas, accompanied by a cabinet delegation, arrived at the Government Pavilion at the Madrid Airport on a regular scheduled flight from Miami (United States) at 0700 GMT.

The Honduran President and his wife will tonight dine privately with King of Spain Juan Carlos and Queen Sophia, as their official visit does not start until 19 September.

In brief statements at the airport, Callejas stressed the opportunity of this visit to discuss several bilateral issues with the Spanish Government; specifically, Callejas referred to the possibility of signing an overall cooperation program.

On 17 September, official Spanish sources disclosed that this program will include such issues as economic-financial cooperation, Spain granting credits—reimbursable as well as non-reimbursable—and, a statement of intention with regard to the assignment of financial projects in Honduras.

Callejas referred to Honduras' debt to Spain, which must be paid through the Paris Club. The Honduran President said that given the positive arrangement with the Paris Club, as well as the Honduran Government's actions regarding canceling its obligations with the IMF and the World Bank, there are now more positive new possibilities than previously.

Rafael Callejas stated that his country has begun a very severe economic plan, the goal of which is to implement a concerted national effort at all levels.

The president acknowledged, however, that all the components of the economic crisis have a highly negative impact on the development of this program, which, in his words, is very serious and pressing.

Minister of Foreign Affairs Mario Carias and the Minister of Transportation and Communications Mauro Membrero are accompanying the Honduran President on this visit to Spain, which is of a decidedly economic nature.

Callejas will meet with King Juan Carlos and the President of the Spanish Government Felipe Gonzalez during his visit to Spain.

Likewise, the Honduran President will meet with a delegation of the Spanish Confederation of Private Sector Organizations [Confederacion Espanola de Organizaciones Empresariales, CEOE] and visit the National Industrial Institute [Intstituto Nacional de Industria, INI] and the Institute of Spanish-American Cooperation [Instituto de Cooperacion Iberoamericana, ICI].

Official Spanish sources have stated that bilateral relations and the Central American situation will be analyzed during the meetings between Spanish and Honduran authorities. Also, Honduras-EC relations and Spain's role as a bridge between Latin America and the EC will be discussed.

Trade relations between Spain and Honduras are considered modest and represent a deficit for Spain; in 1989, Spanish imports totalled \$28 million, while exports totalled \$18 million.

In this trade context, the level of debt is considered relatively high, because the current Honduran debt with Spain is approximately \$34 million.

* President Predicts Hard Times, Inflation

90CA0112B San Pedro Sula TIEMPO in Spanish
27 Jul 90 p 2

[Text] Tegucigalpa—Citing enactment of the Law on Structural Realignment of the Economy [Economic Rehabilitation Act] and its devastating effects on the Honduran people, President Rafael Leonardo Callejas acknowledged yesterday that "this will be a very difficult, very complex year," but asserted that the "positive" results of the austerity package will begin to make themselves felt within a year.

President Callejas spoke yesterday before some 300 employees of the Finance Ministry as part of the proceedings of the forum organized by Finance Minister Benjamin Villanueva, on "Accomplishments and Problems of the Economic Rehabilitation Program."

The president asked the public employees for their cooperation and diligence in the honest and upright performance of their government functions, and said that the current situation left his administration no alternative but to institute the necessary economic measures.

The administration is acting within a very complex dilemma, the president said, requiring that it either take action or neglect its responsibilities. Every decision taken is thoroughly analyzed, and its probable consequences known, said the president.

"If a decision was likely to have a strong inflationary impact, we were aware of that reality. This is going to be a very complex, very difficult year," he said.

Justifying the economic measures instituted by his administration, he said that these comprise the scaffolding, the bases for an improved situation in the near

future, and that if they are not properly implemented, their negative effects are likely to be felt for the next 100 years.

He said his administration has two distinct goals that it hopes to achieve at the earliest: Price stabilization and economic growth.

Achievement of these two goals, he said, will require the honest cooperation of all public employees, and principally those of the Finance Ministry, a ministry that is basic to proper management of the public administrative function.

"I earnestly request of each of you your full dedication to helping me bring prosperity to the Republic," the president said.

* Corn Harvest To Reach 15 Million Quintals

90CA0112E San Pedro Sula LA PRENSA in Spanish
24 Jul 90 p 27

[Text] San Pedro Sula—The goal set by the National Staple Grains Emergency Program, which was to cultivate 350,000 manzanas of corn, has been met 100 percent, said the regional director of natural resources, Fernando Alvarez.

On the preceding Sunday, at the inauguration of the Yoro Regional Fair, the minister of natural resources, Mario Nufio Gamero, accompanied by the regional director and by the head of cattle industry activities, Manuel Wills, had inspected the region's staple grain crops. Yoro is rated as the region that produces the most corn throughout the country.

Through the National Staple Grains Emergency Program, National Resources [RN] oversees the production of 15 million quintals of corn nationwide. These will be harvested during September and October.

The northern region produces approximately 22 percent of that total, or 3.3 million quintals. To protect the crop, the necessary mechanisms are being put in place to monitor its cultivation and harvest, says Alvarez.

"This level of production enables us to guarantee the supply of staple grains to the population," he says.

In another respect, the regional director indicated that under the overall plan to develop food sufficiency, which covers not only staple grains, RN is also devoting its efforts to increasing the production of milk. Its current goal is to raise production from 370,000 liters of milk to half a million liters annually, he said.

* Autonomous Institutions Lose Billions

90CA0112A Tegucigalpa EL HERALDO in Spanish
31 Jul 90 p 2

[Text] This week for the first time in history, and in compliance with Article 266 of the Constitution of the Republic and Articles 60 and 70 of the General Law on Public Administration, the minister of finance and

public credit, Dr. Benjamin Villanueva, is submitting to the National Congress for its consideration, the proposed General Revenues and Expenditures Budget Bill covering the 38 state-owned autonomous institutions for fiscal year 1990.

The delay in submitting this proposed budget bill was caused primarily by the transfer of presidential powers on 27 January of this year, as the preceding National Congress decided not to debate or pass the proposed budget, and in its stead issued Decree 238-89 extending the validity of the previous year's budgetary estimates.

In line with the fiscal policy, the budgetary projections of the 38 institutions were worked out on the basis of significant reductions in and justification of expenditures using the planning and programming budgetary system [PPBS], and of increases in each institution's revenue goals for the year. It is important to note that the estimated increases in operating revenues are based on the attainment of improved and expanded sales of goods and services, both of which are essential to the financial restructuring of the autonomous institutions in relation to their operational and administrative capabilities.

The total budget for these institutions comes to 3,630.3 million lempiras, or 53 percent of the Public Sector General Budget, excluding municipalities.

The autonomous public sector's total capital investment for 1990 has been put at 455.5 million lempiras. The National Enterprise for Electric Power [ENEE] has the largest individual investment budget: 161.3 million lempiras. It is followed by the National Waterworks and Sewer Systems Service [SANAA] with 112.7 million

lempiras. The project that is to receive the largest allocation of investment funds, totaling 53.0 million lempiras, is Embalse Represa Concepcion II. This project will bring potable water to the city of Tegucigalpa.

The budget also includes a sum of 628.8 million lempiras for financial investments, with 86.4 percent of this sum earmarked for loans: The National Public Employees Retirement and Pension Institute [INJUPEMP] and the National Teachers Social Security Institute [INPREMA] plans to allocate 199.2 million lempiras for loans to recipients of retirement and pension benefits, and the National Agricultural Development Bank [BANADESA] 128.7 million lempiras for loans to the farming sector.

The autonomous sector's debt service liabilities (amortization and interest) will total 1,182.8 million lempiras, which it will be able to cover only to the extent of 892.8 million lempiras from current revenues, requiring that it count on a central government subsidy of 81.5 million lempiras, and on the domestic credit market for 208.5 million lempiras, to cover the deficit.

Debt amortization alone, for the year, will total 815.3 million lempiras, of which 20.7 percent, or 169.1 million lempiras, of which represent the domestic component and 646.2 million lempiras the foreign component. It is important to note that the ENEE's foreign debt amortization liability for the present year is 240.3 million lempiras, which it is unable to meet, meaning that the central government will have to fund these obligations. The proposed budget for the autonomous sector as a whole, as submitted, shows a gross deficit totaling 1,600 million lempiras, attributable principally to losses by ENEE, SANAA, BANADESA, and the Central Bank of Honduras. The latter's gross deficit totals 1,326.2 million lempiras, or 82.2 percent of the total.

Proposed 1990 Autonomous Budget Totals - By Institutions

Institution	Lempiras
Central Bank of Honduras	808,948,100.0
BANADESA	297,458,700.0
National Investments Corporation	50,408,500.0
Autonomous Municipal Bank	46,153,877.0
Credito Prendario Popular [Small Secured Loans]	9,916,500.0
ENEE	862,428,400.0
Honduran Forestry Development Corporation	55,550,492.0
National Ports Company	76,811,179.0
Honduran Telecommunications Company	317,258,200.0
SANAA	146,442,300.0
Honduran Agricultural Marketing Institute	79,238,800.0
Banasupro	33,180,695.0
National Housing Institute	36,108,800.0
National Agrarian Institute	31,419,433.0
Honduran Coffee Institute	45,063,433.0
Industrial Development Center	49,923,700.0

Proposed 1990 Autonomous Budget Totals - By Institutions

Institution	Lempiras
National Autonomous University of Honduras	99,094,400.0
National Institute of Occupational Training	21,037,517.0
Educational Loans Institute	9,501,200.0
Honduran Institute of Anthropology and History	2,142,920.0
National Child-Welfare Agency	36,431,646.0
National Board of Social Welfare	15,224,300.0
Honduran Institute of Cooperatives	2,316,851.0
Honduran Social Security Institute	128,932,500.0
INJUPEMP	210,721,072.5
INPREMA	177,888,540.0
National Committee on Sports Facilities	4,461,400.0
Extracurricular Sports Federation	882,280.0
National Honduran Soccer Federation	14,171,908.0
National Baseball Federation of Honduras	407,429.0
Olympic Committee of Honduras	282,866.0
Institute for the Prevention and Treatment of Alcoholism, Drug Dependency and Pharmac-Dependency	812,100.0
National Basketball Federation of Honduras	450,896.0
National Table Tennis Federation of Honduras	102,300.0
Honduran National Athletics Federation	324,466.0
National Softball Federation	123,000.0
TOTAL	3,630,300,000.0

The above table lists the total recommended budget for each of the state-owned institutions comprising the autonomous sector. [Total for the sector is rounded off to the nearest hundred thousand].

Nicaragua

Air Force Personnel Forced Out of Military

PA1809142090 Managua EL NUEVO DIARIO
in Spanish 17 Sep 90 pp 1, 8

[Text] Military sources who have been forced to discard their uniforms have told EL NUEVO DIARIO that 500 officers and soldiers of the Sandinist Air Force and the Anti-Aircraft Defense have recently been released to civilian life within the framework of an Armed Forces reduction plan.

Many of the now civilian elements—specially qualified personnel trained in the Soviet Union and Cuba in the use of radar—have said that they are concerned because they will not be paid their proportional 13th month bonus, but only for the month of September and two additional months.

None of the 500 people thrown into the unemployment cauldron was offered any job alternative. They were only told that employment plans for former fighters are pending. Of 30 radar specialists, 22 were released to civilian life. All radar systems have been dismantled because there is no war

and no contras and their services are no longer necessary, some of the former soldiers have said.

Radar techniques are very sophisticated and the equipment consumes much fuel. A radar tower consumes 12 gallons of gasoline every 4 hours, the sources, who asked not to be identified because they have not yet been paid, have stated.

The sources have indicated that there is unrest among Air Force fighters because section chiefs enjoy privileges. Soldiers cannot shop in a supermarket on Carretera Norte Road because they need a special card that only privileged commanders receive.

Many of the 500 dismissed officers and soldiers are Sandinist National Liberation Front militants, young trained people. They claim that there now exists an environment in which they can point out situations that could not be revealed before.

Army Spokesperson on Reduction in Armed Forces

PA1809222490 Managua LA PRENSA in Spanish
17 Sep 90 pp 1, 8

[Text] Army Spokeswoman Lieutenant Colonel Rosa Pasos confirmed today that there will be a reduction of 5,000 officers, but only after the state can offer them other options of work and education. Pasos denied that

500 Air Force soldiers and officers were recently incorporated into civilian life. She admitted, however, that a reorganization and reduction process, which includes the Air Force, Navy, and Army, is being studied.

The Army currently has 39,000 soldiers and, according to Lt. Col. Pasos, it will be reduced to 35,000 in a process that has been accelerated by pressures caused by economic and budget limitations.

She noted that how quickly this reduction plan can be implemented depends on the options that can be offered to the officers, as they will not be removed unless they have other job options in civilian life.

Lt. Col. Pasos added that this will also require a process of "evaluation and classification" that could cause some confusion.

FSLN Reportedly Could Split Into Two Factions

PA1809172890 Managua Radio Corporacion in Spanish 2300 GMT 17 Sep 90

[Text] The Sandinist National Liberation Front [FSLN] could split, because two factions are emerging within the party. This could happen with the election of that political organization's National Directorate. General Humberto Ortega and his followers do not want anyone over 60 years of age to remain a member of the National Directorate, which could possibly affect Tomas Borge Martinez, an FSLN founder. Another strong faction has emerged that supports Borge, claiming that heads of state like Ronald Reagan and Margaret Thatcher have ruled their countries, even though they were past 60. As the date for the FSLN congress approaches, the division between the two groups widens.

FSLN Proposes Postponement of Dialogue

PA1809233790 Managua BARRICADA in Spanish 18 Sep 90 p 5

[Communique issued by the National Directorate of the Sandinist National Liberation Front in Managua on 17 September]

[Text] The government has issued invitations to all social organizations and political parties to the inaugural session of what it calls a process of economic and social dialogue.

The FSLN [Sandinist National Liberation Front] has clearly supported concerted efforts because we are convinced that only the combined intelligence and efforts of all Nicaraguans will help them find the fairest solutions to the critical situation facing the country.

The economic and social dialogue must be successful because people have built their expectations around it, and it would be dangerous to frustrate the people. It is as risky to delay the start of the dialogue as it is to hasten it.

The FSLN believes that the government has failed to take the minimum indispensable steps to guarantee a successful dialogue process.

The labor movement does not trust the government because the various agreements signed with the workers have been violated on many occasions and the workers continue to be the victims of vengeful dismissals. The peasant leaders will be hardly willing to discuss prices and salaries as long as demobilized former contras and decrees issued by the government aim to strip the land from the beneficiaries of the agrarian reform. At the same time, economic measures, which are pushing thousands of Nicaraguan families to unemployment and destitution and are raising the infant mortality rate, continue to be unilaterally applied.

Under these circumstances, the dialogue called by the government appears to be a propagandistic event that will yield few results and frustrate the hopes of the Nicaraguan people. The FSLN proposes that this event be postponed for at least 30 days, during which time the government must take the steps leading to the restoration of an atmosphere of trust needed to ensure that the economic and social dialogue will benefit the entire nation.

Free fatherland or death!

FSLN National Directorate

Issued in Managua on 17 September 1990

Armed Protesters Take Over Enabus Facilities

PA1809203490 Managua Domestic Service in Spanish 1815 GMT 18 Sep 90

[Text] The National Bus Enterprise's [Enabus] depots one and two, located near the Estrella Hotel in Managua, were taken over by armed groups at 0100 on 18 September. This illegal action has interrupted Managua's urban transport. According to Enabus Trade Union President Lorenzo Gutierrez Guerrero, the CPS [expansion unknown], who are in charge of guarding the premises, were attacked and disarmed. Luis Estrada, one of the guards, was wounded in the arm. According to Gutierrez Guerrero, the hoodlums were led by several former drivers who had been fired for unsatisfactory work, or in some cases, even embezzlement.

Among the bus routes that are out of service are 103, 107, 108, 109, 116, 117, 118, 119, and 125. Enabus drivers called on Construction and Transportation Ministry authorities, as well as National Police authorities, to dislodge the hoodlums who have interrupted Managua's urban transport. At 1400 this afternoon, Construction and Transportation Minister Engineer Jaime Icabalceta is due to appear before the National Assembly's Transport Commission to report on the Enabus situation. Enabus depots one and two were taken over this morning by drivers demanding the reinstatement of fired workers and those who disagree with the privatization of this enterprise.

Panama

Businessmen To Sue U.S. for Invasion Damage

PA1809134890 Panama City ACAN in Spanish
2134 GMT 17 Sep 90

[Text] Panama City, 17 Sep (ACAN-EFE)—Over 2,000 Panamanian businessmen will sue the United States for not providing security for their businesses following the 20 December 1989 invasion, when thousands of persons looted virtually all of the stores in Panama City and caused hundreds of millions of dollars in damage.

During a news conference today, business leaders stated that the U.S. Army dissolved the Panamanian Army during the invasion, and that the U.S. authorities—"the only ones existing" at the time—did not stop the looting.

The National Council of Private Enterprise (Conep), which is promoting and consolidating the claims of businessmen affected by the looting, has disclosed that the damage done to industry and commerce is so far estimated at \$432.1 million, but that it still lacks some information.

Manuel Berrocal, president of the Conep Litigation Commission before the National Government, has said that there is a "good possibility" that it will be successful in its efforts to recover U.S. compensation, at least the \$432 million, to enable businesses that are still closed to reopen.

Conep has contracted for the services of several legal firms both in Panama and the United States to represent its members' legal suits.

Faction of Labor Party Elects New Leaders

PA1709223890 Panama City LA ESTRELLA DE PANAMA in Spanish 16 Sep 90 pp A-1, A-2

[Report by Cesar Gomez Marin]

[Text] Facing a new national reality, a faction of the Labor Party [Pala] elected yesterday Carlos Alfredo Lopez Guevara, a lawyer and renowned national personality, as president, and well-known Pala leader and businessman Arturo Diez as secretary general. The election took place at a meeting of the National Directorate, which was attended by 81 of the 149 directors registered in the Electoral Tribunal.

The National Executive Council (CEN), which is the party's highest directorate, was totally reorganized after the resignation of five members and subsequently expanded to include nine members. This action was described as a measure "to broaden the democratic foundations of the party," whose theme is "Development with Justice in Liberty."

Complying strictly with established procedures, the Pala directors elected the new members of the CEN after reading four of the five resignation letters received from previous members, who included National Secretary

Ramon Sieiro Murgas, President Juan Medrano, as well as Antonio Alessandria, Arturo Diez, and Nestor Tomas Guerra.

In presence of notary public Hernan Garcia, who certified the actions, the Pala directors unanimously elected the party's new CEN as follows: Carlos Alfredo Lopez Guevara, president; Eng. Nestor Tomas Guerra, first vice president; Dr. Cesar Martans, second vice president; Alberto Carrera Almanza, third vice president; Eng. Arturo Diez, secretary general; Ramon del Rio M., first assistant secretary general; Ruben Galvez, second assistant secretary general; Franklin Raymores, treasurer; and Nicolas Alvarado, subsecretary.

The Pala directors also elected the members of its political commission, advisory board, ethics and honor commission, and eight new national directors, who will be temporary until the resignation of eight others is confirmed.

General Ruben Dario Paredes (retired), who just recently joined Pala along with Carlos A. Lopez Guevara, was appointed temporary national director and a candidate for the party's political commission.

The directors unanimously authorized the new CEN to agree, among other things, on the date for a national convention, what the highest authority of the party will be, and who the newly elected members of the CEN, the political, ethics and honor committees, and advisory board members will be.

After the swearing in ceremony, Gen. Paredes requested that the well-known industrialist and former president of the party, Carlos Eleta Almaran, join Pala's new organization with the other faction of Pala directors and members who were meeting somewhere in the city at that time because Panama and the party needs to be united. Shouting unity, the directors seemed to support and approve Gen. Paredes' motion, which was later reaffirmed by Pala President Lopez Guevara and commented on favorably by those present.

Outgoing party president Juan Medrano said during his speech that he has always believed, and continues to believe that the path toward real unity, progress, and peace is through dialogue and a joint action. He added that the party's unity is being sought so that Panamanians can reach agreements with those who were born in our homeland. "We are facing a new political reality, which means that we must adjust to the new circumstances. We are beginning a new political life in the country, and the leaders of this party should be the first ones to realize this and act so that all Pala members continue to work for Panama. [quotation marks as published]

Medrano asked for a special acknowledgement of Arturo Diez, who has been the party's chief supporter and center of unity during all the months of hardship.

Lopez Guevara accepted the responsibility of leading the party saying that he has been elected during times which have been described by the Catholic Church bishops in their last message as "critical," and as the most important in Panama's history.

He said: "You have chosen me to lead the party, and I accept, because I am committed to Panama, its destiny, and people, now that it needs its citizens more than ever."

Lopez Guevara believes that the country needs unity and true reconciliation so that everyone can participate in finding solutions to problems. He said that Panama should follow a path which encourages the free exercise of ideas and actions. He said that the Pala Party will be there to bring new ideas, to criticize positively, and he promised to, "because I am a Catholic, a democrat, and a nationalist, as proven by the civic battles that I have waged." [sentence as published]

He asked his fellow party members to "help push the cart," because the country needs the help of all Panamanians, including heads of families, professionals, and politicians as well. A politician should be interested in the country's destiny, and we are all in the same boat, and that boat is Panama.

Lopez Guevara stressed the need to strengthen the democratic process with strong national parties engaged in an in-depth study of national life. He stressed that last night the Pala party gave an example of party democracy. In a simple act, and following its own principles, its directors elected their own leaders by consensus. He stressed that "this is how a party should act."

Lopez Guevara announced that the party will restore its unity, organize itself to support the candidates up for election in January, and prepare to elect legislators to the Legislative Assembly.

Secretary General Arturo Diez expressed thanks for the high post to which he was elected in the National

Executive Committee. He said that he accepted his responsibility fully convinced that his duty to comply with his post is more important than personal interest. He will be guided only by his determination to serve his country.

Diez stressed his unwavering decision to enhance the party, fully prepared to obey the party's tenets and principles. He said: "That will be my goal, and you, the men and women of the party, will be my guiding light."

Torrijist Ideology Movement Leader Threatened

PA1809000290 Panama City EL DIARIO
INDEPENDIENTE in Spanish 17 Sep 90 p 8

[Text] Unidentified persons, traveling in a white Toyota, machine-gunned a hardware store located on Via Argentina at dawn on 15 September. The store belongs to the Israeli Samuel Shitri, father-in-law of former Captain Jorge Bernal, who is the leader of the Torrijist Ideology Movement (Movimiento Ideario Torrijista) (MITO), a political movement based on the ideology of deceased Omar Torrijos Herrera. Bernal was the head of the anti-riot forces and the counterintelligence service of the Panama Defense Forces until 1987.

Bernal told EL DIARIO INDEPENDIENTE that the attack is a personal warning and harassment for the recent distribution of a communique to the officers and rank and file of the Public Force which rejects the appointment of a civilian over the military hierarchy.

Bernal labeled the treatment of the military personnel, who have sworn their loyalty to the president of the Republic, as illogical. He added that the majority of the MITO members are former Defense Forces members and that it is a peaceful movement, whose goal is to make the members of the National Police aware of the Torrijos doctrine. The former military officer concluded that the Public Force cannot be an instrument of a political party in power.

Argentina

Menem Reportedly Favors Sending Troops to Gulf

PY1809140090 Buenos Aires TELAM in Spanish
1325 GMT 18 Sep 90

[Text] Buenos Aires, 18 Sep (TELAM)—Buenos Aires Province Governor Antonio Cafiero stated today that President Carlos Menem "told me that he believes it is fitting" for "Argentine peace forces" to participate "in the Gulf," and "I share the position" of the chief of state.

In remarks to the press after a meeting with Menem at the Olivos Residence and in answer to a question, Cafiero said: "I believe Congress should have a say in this type of case," although he preferred not to give more details.

Gulf Force To Leave 22 September

PY1809205090 Buenos Aires DYN in Spanish
2035 GMT 18 Sep 90

[Text] Buenos Aires, 18 Sep (DYN)—Foreign Minister Domingo Cavallo today informed Congress that Argentine troops from the three branches of the Armed Forces will leave on 22 September for the Persian Gulf region on a "peace mission that will seek to halt the conflict."

Cavallo held a meeting at Congress this afternoon with the presidents of party blocs in the Senate and the Chamber of Deputies. Justicialist Party Deputy Alberto Pierri, chairman of the Chamber of Deputies, informed the press about the results of this meeting.

Foreign Minister Domingo Cavallo informed the legislators that the decision to send troops to the Gulf area will be made [as received] by the Executive Branch without making any prior consultations with legislators. This position was supported by Justicialist Party legislator Jose Manzano and rejected by Radical Civic Union legislator Cesar Jaroslavsky, presidents of the main political party blocs in the Chamber of Deputies, respectively.

Foreign Minister Views Deployment

PY1909013490 Buenos Aires Argentina Televisora
Color Network in Spanish 2356 GMT 18 Sep 90

[Message to the nation by Foreign Minister Domingo Cavallo; place and date not given—recorded]

[Text] Fellow countrymen, Argentine people: With the mission of ensuring peace in the Gulf, and in compliance with the UN resolutions, the president of the nation, as commander in chief of the Armed Forces, and fully exercising his constitutional rights, has ordered the mobilization of officers and noncommissioned officers of the Argentine Army, Air Force, and Navy. These men will form a special unit that will join the international forces deployed in the Persian Gulf area within the context of the UN Security Council resolutions.

The Argentine Government wants to be absolutely clear, coherent, and truthful in its international position.

Argentina's main objective is to help reestablish peace in the conflict area. The military units that are being mobilized are not an intervention force. They will not carry out offensive war actions. They will not assume a belligerent position. Regarding this point, we must clarify all kinds of doubts or in-between-the-lines interpretations of facts. Argentina does not want war. Argentina assumes this historical decision to prevent a tragedy of incalculable consequences. Argentina is committing all its energy in this effort to restore peace in the Gulf with respect for the sovereign rights of the nations.

The national government has deeply, seriously, and responsibly meditated on this important decision. No ideological, party, sectorial, or power bloc interests are at stake here. Not even the highest tradition of our foreign policy is at stake here. What we here have is a deep confrontation between the whole international community—I repeat the whole international community—and a government that has violated international law and is openly defying the UN Charter.

It must be very clear that each and every one of the national government's attitudes has been adopted on the basis of the immovable pillars of Argentine foreign policy: territorial sovereignty, independence, and integrity of the states, as well as nonintervention in the internal affairs of other countries.

Iraq's challenge to world peace directly affects each Argentine individual. Those who think that our distance from the Gulf or the absence of Argentine presence in the region may assure that we will not suffer the consequences of these events are wrong. They do not understand that our country is an active partner in the creation of a new world of peace, progress, and detente that seeks consolidation. They do not understand that the attitude of the Baghdad regime is threatening this new world situation. In the face of such a situation, indifference represents retreat, backwardness, and isolation. If Argentina wants to participate in the benefits from this unstoppable process, it must also necessarily assume the responsibilities of those who want to be the authors of the common destiny of humanity. Consequently, the national government has adopted this decision by its own conviction, within the framework of the resolutions adopted by the United Nations. For the first time in history we are responding to a special petition by the attacked country, the State of Kuwait, and other Arab nations. The expenses deriving from this decision will be paid by a special fund created to finance—by all the international community—the costs of these operations.

The embargo established by the United Nations through its specific resolutions is the last instrument used to avoid total war. The strict compliance of these resolutions is the last possibility the countries count on to avoid a war conflict that may be tragic for all the community or humanity. For all these reasons we are sure that the measures adopted by Argentina represent a concrete contribution to this solution. We want to reestablish law and justice in the Gulf area. We trust that the

deterrent presence of the Argentine special force will represent one more element that will persuade the Iraqi Government and force it to accept and comply with the resolutions of the international community.

This is the firm decision of the Argentine Government; in favor of world respect; in favor of the lives of millions of human beings; in favor of national convictions and interests; and mainly, in favor of a true and lasting peace for us, our children, and for the children of our children. Thank you.

Menem Comments on Gulf Situation

PY1909031490 Buenos Aires DYN in Spanish
0225 GMT 19 Sep 90

[Text] Buenos Aires, 18 Sep (DYN)—President Carlos Menem tonight justified sending troops to the Persian Gulf as he stated: "Right now when we are overcoming a crisis Argentina cannot afford to remain isolated from the rest of the world." He considered that the decision was made by "the government and not by the political parties."

"We are living in another world, where neutrality does not exist," Menem said, adding: "They are not intervention troops, but they are going to consolidate peace to prevent the consequences of a clash." They will be made up of "officers and noncommissioned officers," the president said.

In statements to the program "Magazine 13" broadcast daily by television channel 13, the president said that given the UN condemnation of the Iraqi invasion of Kuwait "we were compelled to comply with the Charter" of that international organization.

Menem admitted that troops "from other Latin American countries" will probably join the Argentine troops with the purpose of "intensifying the embargo on Iraq."

"The whole world is sending such missions, and Argentina again cannot remain to the side of this international organization," the president said.

When asked about the origin of the request for troops, President Menem said that "since it was requested by a UN member country (Kuwait) it is as if the United Nations itself had made the request."

The chief of state said that this is "not a new situation in Argentina" given the national missions that are currently operating in several parts of the world.

He also said that during the Second World War "when Argentina declared war on Germany a few days before the war ended, we were left in a bad position at home and abroad, with the Allies and with the Axis countries, and this brought severe consequences."

"The same thing could happen right now," Menem said, and he added: "All countries of the world, except three or four that favor Iraq, are sending their peace forces to the conflict area."

Menem said: "In no way can this be considered a declaration of war," and he added that "the blockade has been established by the United Nations, and since Argentina signed its Charter, it will participate in the blockade."

Menem said that if the national government had not made this decision, "Argentina would again be isolated from the rest of the world and with serious access problems to the EEC and a powerful region like the Arab countries."

Concerning the decision, Menem admitted that he contacted "the Foreign Ministry." Asked whether the decision was subject to consultation, he replied: "It is a matter to be dealt with by the government and not by the parties."

The president explained: "We are familiar with the thoughts of some Argentine politicians." He admitted that a major sector of the community disagrees with this official decision.

"They want us to request congressional authorization for sending the troops. However, the troops are not going to wage a war but simply to oversee compliance with the embargo ordered by the United Nations," he said.

When he was asked about a hypothetical case of an Iraqi ship opening fire against an Argentine ship, Menem said that in that case the Argentine ship "will have to answer the fire, but that is a very remote possibility which is very unlikely to happen."

"If they are attacked they will have to defend themselves, but this is not the objective of the forces that are heading for the Persian Gulf," the president stressed.

In turn, the president justified the recent "switch" of functions between Eduardo Bauza and Alberto Kohan. He said that "Bauza will feel more comfortable in his new functions, and Kohan will do the right thing in a ministry that should be later reformed."

Menem ruled out new Cabinet changes in the immediate future, stressing that in the economic area, "things have more or less improved since March."

"There is annoyance over the major recession that we have gone through, but we had no choice," he noted, adding that the performance of the economic variables of the past two weeks reflects a "sort of stability."

Menem concluded by noting that Argentina is now 84th among the nations of the world, and he promised that when he ends his term the country "will be among the first 20."

Joint Staff Orders Preparations for Gulf Force

PY1809144490 Buenos Aires TELAM in Spanish
1401 GMT 18 Sep 90

[Text] Buenos Aires, 18 Sep (TELAM)—The Armed Forces Joint Staff has started to send telegrams to the Army, Navy, and Air Force telling them to start preparing the units and men that would participate in the multinational force blockading Iraq, if the national government so decides.

Meetings were held this morning at the headquarters of the Joint Staff and military institutions to discuss the directives on sending troops to the Persian Gulf that could be handed down by the executive branch.

Draft Resolution Scores U.S. Import Restrictions

PY1909023890 Buenos Aires **BUENOS AIRES**
HERALD in English 18 Sep 90 pp 13, 15

[Text] The Lower House has recently been asked to pass a Draft Resolution announcing to the Executive that it would like to see the Foreign Affairs Ministry and the Argentine Embassy in New York undertake the steps to see U.S. legislative and any other type of restrictions on the export of Argentine-built tugboats and trawlers to the U.S. market place dropped. The petition was signed by Deputy Adelina D'Alessio de Viola (UCeDe [Democratic Centrist Union] - Capital).

In its fundamentals, the Draft Resolution says:

"The recent announcement by U.S. President George Bush of the creation of a free trade zone spanning from Alaska down to Tierra Del Fuego has opened up big expectations in Latin America. The development of regional economies has always been encouraged by the dropping of the monstrous trade barriers that have made each Latin American country an autarchical fortress.

"The possibility of boosting their exports will permit countries in the region to boost their imports thus improving the technological capability of their economies and reducing the price of the products available to consumers. The growing world interrelation, one of the firmest assurances of world peace, is most strongly supported by profuse trade among all nations.

"Nevertheless, these principles, broadly accepted by the international community, are often ignored when very concrete sectorial interests make their power be felt. Governments must channel those interests in line with the principles they proclaim in their foreign policy.

"Nowadays Argentina is immersed in a trade negotiation with the United States in which the main claim made by the northern country is that Argentina must accept the licensing of pharmaceutical products. The Argentine negotiators have made it clear that they, in return, demand that restrictions to Argentine products meeting the tough requirements of the U.S. market be dropped.

"Within this context is the Argentine shipbuilding industry, which sees its access blocked to such an important world market due to legislative restrictions imposed on the import of vessels for tugboat and fishing duties. This occurs in spite of the fact that Argentine shipbuilders are capable of building those ships in favourable conditions as regards price and quality.

"It is indispensable for our Foreign Office and our embassy in the United States to carry out the necessary negotiations to see lifted the legislative restrictions banning the marketing of Argentine-built ships.

"On account of the above reasons, we apply for this Honourable House to pass this Draft Declaration."

Bolivia

Foreign Minister Iturralde To Address UN

PY1909033490 La Paz *Television Boliviana*
Network in Spanish 0030 GMT 19 Sep 90

[Text] The Bolivian foreign minister will address the UN General Assembly in New York. This afternoon he went to the government palace to attend a Cabinet meeting.

In announcing his trip to New York to address the UN General Assembly, Foreign Minister Carlos Iturralde Ballivian disclosed his agenda in the country to the north and announced the arrival of Mexican President Carlos Salinas de Gortari in Bolivia on 5 October.

[Begin Iturralde recording] I will meet with the foreign ministers of Brazil and Uruguay. I also have a meeting scheduled with the Italian foreign minister. I will have a meeting with Andean countries' foreign ministers and with three foreign ministers of the EEC. Also, on 3 October I will chair a meeting of foreign ministers of the Group of 77. This will be my agenda at the United Nations from 24 September to 3 October.

That week I will meet with several U.S. Government officials, and on Sunday I will meet with Andean foreign ministers, finance ministers, and planning ministers at the Bolivian Embassy in Washington. [end recording]

Brazil

Government Sends Two Messages to Husayn

PY1809162290 Brasilia *Radio Nacional da Amazonia*
Network in Portuguese 1000 GMT 18 Sep 90

[Report by Gustavo Mariani]

[Text] The Brazilian Government has sent two messages to the Iraqi Government. They will be delivered today by Ambassador Paulo Tarso Flecha de Lima.

Ambassador Paulo Tarso Flecha de Lima, the head of the Brazilian diplomatic mission to Iraq, will deliver two messages to the Iraqi Government: one from President Fernando Collor de Mello to President Saddam Husayn, and another from Foreign Minister Francisco Rezek to Tariq 'Aziz, the Iraqi deputy prime minister and foreign affairs minister. In these two messages, the Brazilian Government reiterates a request for the release of 290 Brazilians who remain in Iraq.

According to Itamaraty, the mission has already talked with six Iraqi ministers. The contacts have a political bias and, thus far, have not been conclusive.

After meeting with Tariq 'Aziz, Ambassador Flecha de Lima will make the first assessment of his contacts.

Afterwards he will decide if he will remain in Baghdad for a few more days or if he will leave Baghdad.

According to Itamaraty, the Brazilian diplomatic mission is also visiting the Mendes Junior Construction Company workers who are in the expressway [preceding word in English] camp.

Itamaraty spokesman Jose Vicente Pimentel has confirmed that Brigadier Hugo Piva has asked the Brazilian Government to also plead for those who have been directly contracted by the Iraqi Government.

Pimentel said the great problem in obtaining exit visas is the difficulty in obtaining a single political decision, given the large number of interlocutors.

Avibras Sells Rockets to Saudi Arabia

PY1909015490 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Sep 90 p A 10

[Report by Roberto Lopes]

[Excerpt] On the morning of 10 September Joao Verdi Leite, 52, president of Avibras Aeroespacial [Avibras Aerospace Industry, Inc.] informed the Brazilian Foreign Ministry that he was in the Saudi capital of Riyadh negotiating a \$600-million (nearly 46 billion Cruzeiros) contract to supply surface-to-surface rockets and Astros-2 rocket launchers to that country.

The Astros-2—also used by Iraq, opponent of Saudi Arabia in the current Persian Gulf crisis—is Avibras' biggest commercial hit. Verdi departed for Riyadh in the last week of August. On 8 September FOLHA DE SAO PAULO reported that Avibras was rehiring experts—who had been dismissed for financial difficulties—testing rocket mechanisms in stock, and packing the already tested ones to send abroad.

On the same day that Verdi phoned Itamaraty from Saudi Arabia, Felipe Cury, Avibras public relations director, denied that the activity observed near the rockets had been motivated by an imminent sale: "We are only verifying the condition of our rockets," Cury said. He even said that he thought it was "very difficult" to close a deal in Riyadh during the crisis. [passage omitted]

Collor Orders Closure of Testing Facility

PY1809165090 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 17 Sep 90

[Text] On 18 September President Fernando Collor will travel to Serra do Caximbo, Para. After a meeting with the military ministers and the chief of the Armed Forces staff, the president ordered the closure of a 1.2-meter diameter hole that is more than 320 meters deep. The hole was to be used to test nuclear explosions.

Tomorrow the president will observe the beginning of the operation, which proves that Brazil will not conduct any nuclear test.

Government Measures Deregulate Wheat, Coal

PY1809141690 Brasilia Domestic Service in Portuguese 2200 GMT 17 Sep 90

[Text] The government has issued new deregulation measures eliminating the cartels that have been operating in the wheat and coal markets.

During a ceremony at Planalto Palace, President Fernando Collor signed Provisional Measure 224 deregulating the sale and processing of wheat. The government, however, may still buy this year's crop. The wheat that has already been purchased by the government will be transferred to the Production Financing Commission, CFP, which will be in charge of selling it.

The government has eliminated the Sunab's [National Superintendency of Supplies] wheat department.

The Finance Ministry has been empowered to authorize the importing of wheat by private companies in case of a wheat shortage on the domestic market.

Deregulation of the wheat market ends three decades of state control of the sale of the product.

According to the message that accompanied the provisional measure and was drawn up by Agriculture Minister Antonio Cabrera and Finance Minister Zelia Cardoso de Mello, the government monopoly of wheat sales benefited a few mills because the government was in charge of buying, storing, transporting, and delivering to each mill—on a weekly basis—a wheat quota for the production of flour.

This system has produced a high concentration of quotas in a few recipients because only 17 economic groups were controlling 70 percent of wheat that was distributed all over Brazil.

Infrastructure Minister Ozires Silva (?has issued) a resolution deregulating the production, import, export, distribution, and sale of coal and coking coal.

The government also eliminated a resolution demanding that state-run iron and steel plants buy all of the coking coal produced by mining companies.

This measure has ended the government's paternalist attitude, compelling private companies to operate efficiently.

Technology Enhancement Program Launched

PY1509183090 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Sep 90 Economic Section p 16

[Text] of Industrial Technology Enhancement Program announced by the government on 12 September]

[Text] I. Support for Industrial Technology Enhancement

The conclusions of the Special Commission appointed under Inter-Ministerial Regulation No. 364, dated 26

June 1990, which proposes measures to be applied in the technological enhancement process of the Brazilian industry, will be adopted:

1. Technological progress will follow the demands of the market, and the strategy for the industrial technology enhancement will use companies as basic agents. Financing and incentives must be channeled to companies, which, in turn, will be encouraged to contract institutes, universities, and small and medium-sized companies that are technologically dynamic;

2. Industrial enhancement is hereby understood as the ability of companies to select, license, adapt, improve, and disseminate national or imported technologies as well as to develop for themselves technological innovations;

3. The national appropriation for science and technology must be increased from 0.5 percent of the GDP (\$1.87 billion) in 1989 to 1.3 percent of the GDP in 1994. In order to achieve this goal, the federal government is proposing increases in the Federal Budget for the Science and Technology Secretariat, based on the 1990 appropriations, on the following scale:

1991	+ \$247.0 million (*)
1992	+ \$210.2 million
1993	+ \$479.3 million
1994	+ \$874.4 million
1995	+ \$1.3542 billion
Total	+ \$3.1651 billion

(*) \$107 million have already been included in the 1991 General Federal Budget which has been submitted to the National Congress. An additional \$140 million (\$70 million in supplementary funds and \$70 million in IDB [Inter-American Development Bank] funds) will be added following the signature of a Finep [Funding Authority for Studies and Projects]/IDB contract.

NOTES: 1. A minimum proportion of two-thirds of the increases will be appropriated for industrial technology;

2. A total of \$622.9 million, representing 35 percent of the federal expenditures in S&T [science and technology], were appropriated for the Science and Technology Secretariat in 1990;

3. S&T appropriations for other government organizations will, on the average, be increased proportionately to the federal revenue.

4. The private sector must increase its participation in S&T from 0.06 percent of the GDP (\$200 million) in 1989 to at least 0.17 percent of the GDP (\$664 million) in 1994 (an annual growth rate of 35 percent), which will be mainly obtained by setting matching funds for projects financed by federal credit organizations (with a ratio of at least 30 to 70 relation between private capital and financing).

5. The federal credit organizations must define their operations by increasing the volume of financing for industrial technology enhancements from three percent of the total used in S&T (\$60 million) in 1989, to 28 percent of the total used in S&T (\$1.44 billion) in 1994.

6. Support actions for industrial technology enhancements will include the creation and strengthening of the external conditions of industry, as stated below:

1. Enhancement and development of human resources;
2. Awareness and motivation;
3. Development and dissemination of technological management methods;
4. Modification of technological infrastructure; and
5. Consolidation of technological information networks.

Direct Support for Industries:

1. Research and development;
2. Development of strategic programs
3. Purchase and acquisition of technology;
4. Development of technological industries; and
5. Market-oriented support

The Minister of Economy, Finance, and Planning and the Science and Technology Secretary have signed an inter-ministerial resolution approving a report drawn up by a special committee created by Interministerial Resolution No. 364/90. The report has been sent for publication in the official gazette. The president of the Republic has signed a decree creating a Permanent Committee of Support for Industrial Technical Enhancement.

Coordination Science and Technology Secretariat of the Republic Participants Ministry of Economy, Finance, and Planning

National Secretariat of Economy/DIC [expansion unknown];

Special Secretariat of Economic Policy [Secretaria Especial de Politica Economica]—IPEA;

National Planning Secretariat; Education Ministry

National Secretariat of Technological Education;

National Secretariat of Superior Education; Justice Ministry

National Institute of Patent Rights [Instituto Nacional de Propriedade Industrial]—INPI; Science and Technology Secretariat

National Council for Scientific and Technological Development—CNPq;

Funding Authority for Studies and Projects—FINEP;

National Bank for Economic and Social Development—BNDES;

Brazil Bank Investments [Banco do Brasil Investimento]—BBI;

Bank of Northeast Brazil Corporation—BNB; and

Bank of Amazonia Corporation—BASA II. Technology Transfer

Upon the conclusion of the first stage of the work of the Subcommittee for Technology Transfer of the Interministerial Commission established by Decree 370 of 26 June 1990 to revise the Industrial Patent Code [Codigo de Propriedade Industrial], the main decisions are:

- a. To deregulate the clearance processes for technology transfer contracts by replacing the 16 INPI normative provisions with just one normative provision, which will establish general criteria and guidelines;
- b. To make the requirement for systematic prior consultation with the INPI in negotiations for technology transfer a voluntary step;
- c. To simplify procedures for discussion and clearance of technology transfer contracts. Based on the nature or value of these contracts, they will be cleared in (no later than) 10, 20, or 45 days (see note);
- d. To make it clear that there are no preestablished limits concerning amounts to be paid in technology transfer processes. Experience and prevailing international practice in each sector will be taken into account in analyzing these contracts;
- e. To establish clear rules by preparing and issuing a Guide for the Clearance of Technology Transfer Contracts, which will clearly outline the stages and procedures to follow for the analysis and clearance of contracts involving technology transfer.

All of the mentioned provisions will be completed by INPI in 30 days.

Note: In 1989, INPI cleared 846 contracts involving technology transfer. Had the new system been in force, 465 (55 percent) would have been cleared in 10 days, 296 (35 percent) in 20 days, and 85 (10 percent) in 45 days.

The Central Bank will expedite foreign currency exchange operations involved in technology transfer processes.

III. Fiscal Benefits for Industrial Technology Enhancement

- a. No new fiscal benefits for industrial technology enhancement will be adopted.
- b. The implementation of the fiscal benefits for industrial technology enhancement provided under Decree-Law 2433/88 will be simplified and decentralized, as outlined.
- c. The procedure for submitting the Industrial Technology Development Program—PDTI—for the purpose of obtaining fiscal benefits will be simplified;
- d. PDTI analysis, approval, and follow-up procedures will be decentralized and deferred to authorized state agencies. The decentralization is designed:
 - a. To expand the implementation of the PDTI;
 - b. To promote more direct contact with industrialists;
 - c. And to facilitate the use of state counterpart resources.

An introductory report and draft law has been submitted to the president of the Republic, adjusting fiscal benefits for technological enhancement to the industrial and foreign trade policy under the terms of Decree-Law 2433/88 (see item X).

(*) See Annex I IV. Foreign Financing To Import Machinery and Equipment

Approval of a proposal advanced by the president of the Central Bank of Brazil, suspending the necessity to finance for a period of more than two years payments on machinery and equipment, devices, and instruments which have already been declared duty-free or will be declared duty-free and will become part of the fixed assets of companies.

"Ad-referendum" resolution by the National Monetary Council. V. Electronic Complex

The Electronic Complex Policy will be designed to meet domestic demand for products and services that will meet international price and quality standards and to technologically enhance national companies in essential activities—microelectronics and "software" (preceding word in English)—that will be encouraged before the implementation of the industrial and foreign trade policy instruments.

The reorganization of the domestic equipment supply and the technological enhancement of national companies will primarily be induced by the market, which will be deregulated as planned. Current restrictions on association with foreign companies and on the access to technology will be immediately reviewed. Controls on local production and imports until 29 October 1992, when all the restrictions on and fiscal incentives for production will be removed, will be made flexible.

Five provisions are being made for the transition period:

1. Submitting to the president of the Republic a draft bill, amending the current Law on Information Science (Law No. 7232/84), restricting to 29 October 1992 the period of effectiveness of the request for production authorizations and fiscal incentives and adapting the concept of national company to the terms established in the Brazilian Constitution.
2. Signing a decree regulating Law No. 7232/84, ordering approvals before importing and manufacturing information science goods until 1992. During this period, only those products that are considered potentially competitive after the transition period will be controlled. The Conin [National Council for Information Science and Automation] will make this assessment, based on criteria establishing limits of tolerance for technological and quality gaps as well as for price differences between the protected local production and that following international standards.
3. In order to support the quest for competitiveness by the local manufacturers, import tax percentages on inputs, components, parts, and pieces for information

science coming from other industrial sectors will be reduced within a maximum period of 30 days.

4. The government will send to Conin a draft resolution, allowing for the implementation of a "joint venture" [preceding two words in English] with the foreign company supplying technology.

5. Creating a commission, which, within a 30-day period, will propose a review of the Law on "Software." Three directives will be favored: the removal of the similarity test for computer programs; the end of the exclusive rights to market "software" in the country; and the assessment of the current system to register and list computer programs.

The electronic complex activities in the Manaus Free Trade Zone are being reviewed as part of the effort to reformulate the instruments governing the Suframa [Superintendency of the Manaus Free Trade Zone] activities. The Infrastructure Ministry will regulate the purchase of telecommunications equipment, reconciling the current instruments with the decisions that are being announced.

Signing a decree by the president of the Republic, regulating the Law on Information Science.

Submitting an introductory report to the president of the Republic and draft bill, amending the current Law on Information Science.

Submitting a draft resolution to Conin, allowing for the implementation of a "joint venture" with the foreign company supplying technology.

Signing an interministerial resolution creating a commission to review the Law on "Software" (Law No. 7646/87). Within a 30-day period, proposal of a new draft bill, regulating "Software" in the country.

Coordination:
Science and Technology Secretariat of the Presidency of the Republic

Participants

Economy, Finance, and Planning Ministry:
National Economy Secretariat; and National Finance Secretariat

Justice Ministry:
National Secretariat for Economic Rights

Infrastructure Ministry:
National Communications Secretariat; and National Energy Secretariat

Foreign Relations Ministry:
Economics Department

Culture Secretariat
Science and Technology Secretariat
Secretariat for Strategic Affairs
Central Bank of Brazil

VI. Installation of the National Committee for Quality and Productivity

The reference note, attached to the Introductory Report 171, dated 26 June 1990 and proposing the creation of a Brazilian Program for Quality and Productivity, PBQP, approved by the president of the Republic, suggests the installation of a National Committee for Quality and Productivity under the General Secretariat of the Presidency of the Republic. The committee would be made up of three representatives of the business, who would provide directives for the PBQP actions.

The PBQP is now working out the details of the projects for implementing five general subprograms (awareness and motivation, management methods, personnel training, services infrastructure adaptation, and institutional coordination).

The president of the Republic is to institute, through decrees, the National Committee for Quality and Productivity and to designate its members.

VII. CEBRAE [Center for the Support of Small and Medium-Sized Companies]

Law No. 8029, dated 12 April 1990, authorized the executive branch to separate the CEBRAE from the Federal Public Administration by turning it into an autonomous social service and by establishing that 0.3 percent of the payroll of industrial companies be used to finance the support policy for micro and small companies.

The privatization process will transform the CEBRAE into a Brazilian Support Service for Micro and Small Companies which will restrict its actions to the general guidelines for industrial and foreign trade policy, aimed at the technological modernization and enhancement of this sector (the industrial model hereby sought will be the subcontract of technologically dynamic medium-sized companies by large companies).

The Brazilian Support Service for Micro and Small Companies must concentrate its activities on the following aspects:

1. Cooperation in the deregulation process and overall support for micro and small companies.

2. Support for management development of micro and small companies.

3. Support for the development of small and medium companies that are technologically dynamic and of companies located in technological industrial areas.

The decree separating the CEBRAE from the Federal Public Administration and turning it into an autonomous social service which from now on will be called Brazilian Support Service for Micro and Small Companies, SEBRAE, has been signed by the president of the Republic.

VIII. Policy of Support for Brazilian Exports

International competitiveness of Brazilian products not only depends on the business and technological enhancement of exporters, but also on external factors that affect exporting activities.

The government therefore intends to design and implement an active policy to promote exports taking into consideration the following:

- a. port infrastructure;
- b. maritime transportation; and
- c. tax structure on export products

This interministerial resolution creating a commission tasked with preparing the policy of support for Brazilian exports in keeping with the industrial and foreign trade policy, has been signed by the minister of economy, finance, and planning and the minister of infrastructure.

Coordination National Economic Secretariat

Participants Ministry of Economy, Finance, and Planning Special Secretariat of Economic Policy/IPEA; National Economy Secretariat/DIC/DAP [expansion unknown]/DECEX; National Finance Secretariat/DRF [Federal Revenue Office]; National Council for Finance Policy, CONFAZ. Infrastructure Ministry Executive Secretariat National Transportation Secretariat (two representatives)

IX. Industrial Competitiveness Program [Programa de Competitividade Industrial], PCI

Brazilian industrial competitiveness will be expressed by the Brazilian capability to produce goods and services with international price and quality standards and the Brazilian companies' capacity for innovation. The objective hereby pursued is satisfying Brazilian consumers.

The attributes of industrial competitiveness may be either systematic, in reference to the national economic field, or business-like, in reference to the company-controlled field.

National economic competitiveness will come as a result of deep transformations and investments in education, energy, ports, roads, railways, telecommunications, and other basic infrastructure sectors, as well as a result of the redefinition of the role of the state and private and foreign capital according to the general guidelines for industrial and foreign trade policy. These actions, which the government is already carrying out, will be accelerated with the resumption of sustained growth.

Business competitiveness in sectors and/or companies will take place through three basic strategies:

- Development of the sectors that generate and disseminate state-of-the-art technological progress.
- Continuous enhancement of sectors with acquired comparative advantages and with a great export capacity; and

- Development of general efficiency and quality standards for national industry.

The sectors that generate and disseminate technological progress help improve economic competitiveness, something that does not occur simply as the result of the free action of market forces. The difficult access to new technology and the speed with which innovation comes to these sectors explains this situation. Thus the state's structuring advice is necessary for certain national productive sectors.

The continuous enhancement of sectors with acquired comparative advantages [vantagens comparativas adquiridas], or with a great capability expressed by their recent export and dynamic business performance, and accumulated experience in technological enhancement, will also require selective attention by the state, especially in credit offers to support technological development.

The development of general quality and efficiency standards will come as a result of the action of market forces and with the presence of a competitive atmosphere in the country. The increase of competitiveness in domestic and foreign markets will promote the restructuring of companies and, consequently, a greater degree of specialization and competitiveness. Market is the guiding mechanism for the allocation of funds for sectors or industries, leaving the state to carry out general actions, as in the case of the Brazilian program for quality and productivity.

The PCI objective is to implement a strategy of industrial competitiveness for the development of the sectors that generate and disseminate technological progress connected with state-of-the-art technology and for the continuous enhancement of sectors with acquired comparative advantages or with great exporting capability. The PCI will actively implement the industrial and foreign trade policy, and it will maintain the autonomy of several government agencies and organizations responsible for preserving internal coherence in the implementation of policies. The PCI will provide strategic guidance for this implementation with the purpose of enhancing the efficiency and coherence of state intervention.

The Collor administration combats daily the monopolies that took hold of the government, turning it into a prisoner of the interests of some sectors or even some companies. The government will not cease promoting change, and for this purpose it will exercise—with a maximum transparency—its duty to decide in the name of national interests.

Brazilian society needs to mobilize in favor of a competitive industrial restructuring in Brazil, something that will come if decisionmaking processes are the result of planning agreed upon by government, businessmen, workers, and consumers.

The Industrial Policy Consultative Commission (CSPI) will therefore become a forum for consultation that will analyze the macro strategy for the Brazilian industrial

development, and especially this industrial competitiveness program. The performance of sectors will be monitored through the suggestions submitted to the CSpl.

THE FIRST CSpl MEETING WILL BE HELD ON 25 OCTOBER 1990, WHEN THE GOVERNMENT WILL SUBMIT FOR DEBATE THE DETAILS OF THE INDUSTRIAL COMPETITIVENESS PROGRAM, PARTICULARLY THE SECTORIAL STRATEGIES.

The president will sign a decree creating the CSpl.

Commission members:

- I. President; Executive secretary of economy, finance, and planning;
- II. Executive secretary of the Justice Ministry;
- III. Executive secretary of the Infrastructure Ministry;
- IV. Executive secretary of the Education Ministry.
- V. Executive secretary of the Labor and Social Security Ministry;
- VI. Secretary of science and technology;
- VII. Secretary of regional development;
- VIII. Secretary of the environment
- IX. BNDES president;
- X. Three representatives of the private sector;
- XI. Two workers' representatives; and
- XII. One consumer representative. X. Cancellation of Decree-law No. 2433/88

The provisions and mechanisms included in Decree-law No. 2433/88 (new industrial policy of the Sarney administration), except for the Industrial Technology Development Program, PDTI, are obsolete if compared with the general guidelines for industrial policy and foreign trade.

Therefore, Decree-law 2433/88 will be repealed. The fiscal incentives granted under the PDTI will be maintained. The provisions on the added value will be maintained in case of credits granted by public institutions or in case of government purchases of capital goods and sophisticated technology products.

Enterprises investing in fixed assets through the purchase of machines and equipment shall pay no IPI [manufactured goods tax];

The bill will be submitted to congress along with the corresponding explanatory message, adapting the fiscal incentives for technological training to the industrial and foreign trade policy. The nationalization index will be maintained only for projects financed through official agencies and for government purchases. The IPI will be waived on machines and equipment, and the remaining articles of Decree-law 2433/88 will be repealed.

Annex I —Fiscal Incentives for Industrial Technology Enhancement

A deduction of up to eight percent from the owed income tax resulting from levying the applicable income tax rate to the sum of investment in research activities and technological development.

Exemption from the tax on industrialized products for the machinery and equipment used in industrial technological research and development.

Accelerated depreciation of national machinery and equipment; accelerated amortization such as operational costs or expenditures related to the acquisition of intangible assets linked to industrial technological research and development.

Lines of credit of up to 50 percent of the calculated income tax, and a 50-percent reduction of the tax on credit, exchange, and insurance operations, on operations related to stock exchange shares, on amounts paid abroad that are provided for in contracts that have drafted in accordance with the Industrial Property Code (only if the company commits itself to investing at least double the amount of those incentives in research and development in the country while the company's program is being implemented).

A deduction of up to 10 percent from the sum of payments made in the country or abroad of the net profits on the sale of products resulting from the application of technology for the industries that use high technology or for companies that do not mass-produce goods.

* Collor's Popularity Seen Dropping Among Poor

90SM0239A Sao Paulo VEJA in Portuguese
22 Aug 90 pp 26-28

[Text] Five months after taking office, President Fernando Collor is doing what he can to preserve the same style he had as a candidate. Unwilling to waste a single opportunity to maintain contact with the people, he has revived such ceremonies as the ascent of the ramp at Planalto Palace, in Brasilia, which was dropped by his predecessor Jose Sarney when Sarney's popularity bottomed out in the statistical ratings. It has also become obligatory for the newspapers to report Collor's jet-ski rides on the lake at Brasilia, his bicycle trips around the federal capital, and even flights aboard supersonic planes. Possessing understandable confidence in opinion polls, which never failed to point to him as the favorite in last year's presidential campaign, Collor is awaiting delivery, from the IBOPE [Brazilian Public Opinion and Statistics Institute], of the results of a survey scheduled for September, the purpose of which is to find out what percentage of the people would vote for him if presidential elections were held again this year. In this regard, the president received two weighty reports this week.

According to a survey by DataFolha, an institution connected with the FOLHA DE SAO PAULO newspaper, his popularity has begun to rise again, for the first time since the economic shock of 15 March. According to the survey, conducted on 10 August in the country's 10 major capitals, 28 percent of the 5,238 respondents considered his administration good or excellent—five points higher than the result of the previous survey, conducted one month earlier. The mass of people who

see Collor's administration as poor or very poor has likewise diminished, from 31 percent to 26 percent.

Old Tradition

A month ago, in fact, Collor's popularity was at a level similar, for example, to that of Sao Paulo Mayor Luiza Erundina, whose administration was considered good or excellent by 21 percent of Sao Paulo residents in a poll conducted by DataFolha at that time. Now, in the 28 percent bracket, the president may still be a long way from Jaime Lerner, of Curitiba, who had a 36-percent rating a month ago. The distance becomes really dramatic if the president's performance is compared with that of Sao Paulo Governor Orestes Quercia, whose administration was considered good or excellent by 63 percent of Sao Paulo State residents in a Gallup Institute survey released last week. However, since Erundina, Lerner, and Quercia have no responsibility whatever for the inflation rates and have not taken such harsh measures as freezing savings deposits or eliminating the automatic wage readjustments, the fact is that Collor's popularity rating is surprisingly good.

With his rise in the polls, the president is following an old tradition in Brazilian politics, according to which the popularity of the government is directly tied to its success in combating inflation. President Joao Figueiredo entered office with an annual inflation rate of 77 percent and a popularity rating of 53 percent of the people. When he left office, the inflation rate was 223 percent and Figueiredo's popularity rating was 25 percent. At the height of the Cruzado Plan, Jose Sarney managed to keep inflation close to zero and had the sympathy of 90 percent of the population, the highest rating the country had ever given to a government leader. Collor began his administration with the approval of 64 percent of the people and kept almost the same rating after a month in office, [reflecting] the changes brought about by the shock that he applied to the economy, toppling inflation from its perch of 80 percent per month.

Approval of his performance declined noticeably when it was found that the "silver bullet" fired by the president had not killed the inflationary tiger once and for all. Days ago, in a conversation at the Planalto Palace, Collor confided: "The tiger was healthier than people had thought." Apparently, however, the tiger is showing signs of declining health and the president's popularity has begun to rise again, now that the inflation rate is more stable. In fact, according to a study by the FIPE (Economic Research Institute Foundation, University of Sao Paulo), the inflation rate has begun to decline again, after the harsh blow it took on 16 March; it was 11.7 percent in June and 11.3 percent in July, and reached 10.5 percent in the first week in August.

Shirtless Poor

"It is natural that the government should be less popular than it was in the beginning, because of the great expectations about the results that it would achieve," said sociologist Antonio Manuel Mendes, director of DataFolha. What would appear to be a great novelty is in fact the least surprising thing about the surveys measuring the government's popularity: the decline in support for the government among people with incomes lower than five times the minimum wage, who were Collor's electoral strength last year and whom he himself calls the "shirtless and barefoot." In this bracket, the government lost two-thirds of its support—from 64 percent to about 21 percent of the population in four months.

In fact, there is a very simple explanation for this. It is known that the Collor Plan unleashed a wave of unemployment greater than the 1981 recession, which touched the part of the population that does not carry a work card. Later, the squeeze affected unskilled workers. Finally, it reached the category of workers who do not have strong unions to negotiate less drastic solutions with their companies. In other words, in all three cases, it was the "shirtless" who were affected, by definition.

An objective examination of the problem [shows] there is no doubt that Collor's popularity with this segment of Brazilians could not have remained where it was when he took office—even if he had maintained the automatic wage readjustments, had not cut back the job offering on the labor market, and had managed to throttle inflation. It is known that, in the world in which these people live, the needs are so huge and the government's ability to meet all of them is so modest that this mass of citizens forms what the political scientists define as "contras." To give just one example, Luiza Erundina, the PT [Workers Party] mayor of Sao Paulo, is—like Collor—less popular among the low class than among the upper classes.

Support of the Elite

What made the DataFolha survey so significant were precisely the figures recorded for another social statistic: the support of those Brazilians classified as the nation's elite. This category not only includes businessmen and large property owners, but professionals with successful careers, and not only these. It happens that, in a country where 70 percent of the population earns barely enough for food, any citizen with a monthly income of more than 50,000 cruzeiros is considered elite. In this bracket, the percentage of people who consider this government to be good or excellent rose from 30 percent to 36 percent in a single month.

There are tangible reasons to believe that their support for the government does not derive from any direct benefit to the pocketbooks of most of these citizens, because it is in this social bracket that one finds the Brazilians who had money deposited in savings banks, who saw the doors closed to consumers, and who, last week, received two more pieces of bad news: they would have to go head-to-head with the private schools to

negotiate the monthly tuition rate readjustments; and they could not form new consortiums to purchase automobiles. Thus it is clear that the government's popularity is not the result of any capacity to put more money in people's pockets—but of convincing a good part of the citizenry that, in five months, it has done what it could to straighten out the economy, even though it presented a large bill, in terms of sacrifices.

"This survey has one very curious statistic," observed Deputy Jose Serra, of the Sao Paulo PSDB [Brazilian Social Democracy Party]. "It shows that people felt the burden of the sacrifices, they even assumed that their daily living situation could get even worse, but, even so, they ruled in favor of the government." How can this be explained? Serra himself had a clue. "Rightly or not, the president conveys the impression that he has taken a firm stand, that he does not govern the country with indecisiveness, and therefore people believe he is performing his role well."

Response on Air

To his colleagues, President Fernando Collor shows that he has no illusions that he could win popularity contests in the initial phase of his administration. "The first year will be one of sacrifices and harsh measures," he told a minister a few days ago. Even so, the government has also decided to take up the fight in defense of its actions in another area: official publicity. Castigated by most of the candidates who appear regularly on TV's political hour, Collor decided to present a response.

Thus it was that in the last 15 days, in the middle of prime time, a campaign has been launched to improve the public perception of the achievements of the federal administration. With a budget of \$100 million to spend by the end of this year on publicity of any kind, the government reserved a very small portion of this sum to produce four films that depict an idea based on a poem by Vinicius de Moraes, which criticized the type of person who "looks but does not see." The government's aim is to show what good things have been accomplished from March to date. In one of these films, a passenger in a taxi comes into Brasilia and begins to criticize the perquisites—and he does not believe it when the taxi driver explains to him that the automobile he is riding in was formerly an official car, purchased at an auction held by the government.

In another campaign ad, a housewife who has not noticed the vegetables behind her says that she is unaware that prices have stopped going up—and so on. The message of this announcements is very clear. After five months in office, President Fernando Collor is aware that his honeymoon with the country is over and the time has come to answer to the electorate. With these films, the government is giving notice to the navigators that, for better or worse, it believes it already has something to show.

Chile

President Aylwin's Gives Independence Day Speech

PY1909023290 Santiago Television Nacional
de Chile Network in Spanish 2359 GMT 18 Sep 90

[Speech to the nation by President Patricio Aylwin on the occasion of the 180th anniversary of independence; place and date not given—live or recorded]

[Text] Fellow countrymen:

On the eve of the Day of the Glories of the Army, I would like to convey my warmest greeting to all Army chiefs, officers, noncommissioned officers, and soldiers.

The Chilean Army is an essential part of our history. Men like O'Higgins, Bulnes, Baquedano, and the heroes who died at La Concepcion are remarkable examples of patriotism. Their courage, generosity, and full devotion to the service to the nation showed the significance and the magnitude of the true love for the fatherland. They have won forever a privileged place in the heart of Chileans.

Since its independence, Chile has entrusted the preservation of its sovereignty, the defense of the integrity of its territory, and the enforcement of the state of law to the Army and to the other armed institutions. To this end, Chile has endowed them—within its possibilities—with the necessary means.

The armed institutions train and instruct their permanent personnel and their troops to perform with the highest efficiency as hierarchical, disciplined professional armed bodies that are essentially obedient and not deliberating.

The Army has gathered many glories on the battlefields, yet the nation should also thank our soldiers for their work in the daily effort of peace. Together with the other armed institutions, the Army has efficiently cooperated with multiple development tasks and with fast solidarist support in emergencies and natural disasters that have affected our country.

Because of all this, and also because of the bravery and the military spirit of its soldiers, the Chilean Army has won the appreciation and affection of the Chilean people.

The long abnormal political situation that occurred in our country, which was marked by critical ideological confrontation, by the break of the constitutional system, by the exercise of power by the Armed Forces during more than 16 years, and by profound divisions among Chileans have caused serious wounds in national coexistence.

We would be blind if we did not admit that this situation has affected especially the relations between civilians and military men.

Now that the democratic system of government has been restored, in line with Chile's historical tradition and with the help of the Armed Forces—who accepted the people's will within the new institutional order that the

military government established—the fatherland demands a great effort from all its children. The fatherland demands that those wounds be healed and national coexistence rebuilt.

In my capacity as president of all Chileans, who was elected by the free and sovereign will of the people, from the very beginning of my term I have devoted myself—with all my heart, power, and capacity—to the task of achieving unity among my fellow countrymen.

In my inauguration speech at the national stadium on 12 March, I said that we have to restore the atmosphere of respect and confidence in Chilean life, regardless of people's beliefs, ideas, activities, or social class, and regardless of their status as civilian or military men, employees or businessmen, workers or intellectuals.

In a speech to congress on 21 May, I reiterated that my dearest wish as a governor is to hand over a united democratic fatherland to whomever the people elect to succeed me. I added that to achieve the national unity that we long for, it is essential to forget the affronts of the past, make amends for offenses, erase suspicion, and end distrust.

Only in this way shall we reach true, rather than apparent, national reconciliation. It is a difficult yet necessary task. Only with truth, justice, and mutual respect, and only with everyone's strict compliance with constitutional rules shall we be able to succeed.

Those who seek to provoke conflicts between the civil and the military authorities, and who do not hesitate to circulate ill-intentioned suppositions or to attribute false objectives to the government, are not cooperating with national unity or with the strengthening of democracy.

On the Army Day, I would like to state with absolute clarity that my government respects the Armed Forces and the forces of order, and wants them to be efficient and prestigious. My government does not intend to modify their traditional historical institutional system.

My government, however, wants to modify some rules that now prevent the president from exercising some powers that naturally correspond to him in his capacity as chief of state, and that have been historically within the presidential jurisdiction since the beginning of the Republic.

It is obvious, however, that those modifications can be made only through the Constitutional channels.

I should also clearly say that the government demands from all the members of the armed institutions—from the top down to the lowest level—strict compliance with their constitutional and legal duties.

I am sure that if we follow this procedure we will dismiss suspicion and discord, making progress along the path that the fatherland is demanding from us—the path of mutual respect and national unity.

Only in this way shall we be able to build the essential moral atmosphere to build a future of peace, progress, and greatness for Chile.

On this day, on which we commemorate the 180th anniversary of the national independence, I solemnly call upon all my fellow countrymen, civilian and military, to eschew prejudice and passion and to join efforts to make Chile an increasingly solid, prosperous, and happy nation.

This is what our forebears demand from us and also what future generations will expect from us. Good night.

Matthei 'Categorically' Denies Sale to Iran

*PY1809164290 Santiago Domestic Service
in Spanish 1000 GMT 18 Sep 90*

[Excerpt] General Fernando Matthei, Chilean Air Force (FACH) commander in chief, has categorically denied reports on any sale of Chilean planes to Iran.

After meeting with Defense Minister Patricio Rojas, whom he briefed on the FACH denial of the sale, Gen. Matthei met with reporters.

[Begin Matthei recording] Two days ago, EL MERCURIO carried a report on remarks by the Australian defense minister before the Australian Parliament claiming that an Australian firm had participated in the sale of Chilean Air Force F-5 and Hunter airplanes to Iran.

I came to tell the minister that this report is absolutely false. The FACH has not sold any plane, either Hunter or F-5, to any country, let alone Iran. It has not sold arms or parts either. As I said once: We have not sold a single bolt to any country in the world. Thus, if someone claims that something like this went to Iran from here, that claim is false.

I do not know where the Australian defense minister obtained that information. [end recording] [passage omitted]

Aylwin on Demonstrations in Santiago

*PY1809212290 Santiago Radio Chilena Network
in Spanish 1600 GMT 18 Sep 90*

[Report from La Moneda Palace by Mireya Seguel]

[Text] Interior Minister Enrique Krauss has reported that, following instructions from President Patricio Aylwin, his ministry today dropped court charges against General Alejandro Medina Lois, retired.

Krauss said the president ordered this measure on the Day of the Fatherland to convey the government's spirit of reconciliation and to honor General Ernesto Medina Parker, retired, the defendant's father, who was a friend and client of attorney Patricio Aylwin.

Krauss said the government hopes this type of gesture will be reciprocated.

Commenting on the demonstrations staged outside the Cathedral after the Te Deum this morning, Krauss said: We have been hurt by these demonstrations, and we hope they will not happen again tomorrow.

Krauss reported that the Defense Ministry will take actions against a Military School cadet who cursed Education Minister Ricardo Lagos three times.

Krauss said this is a very unfortunate, painful action; not for the government, but for he who wears the uniform of such a noble institution as the Army.

Defense Officials, Army Discuss Rehearsal

PY1809145490 Santiago Domestic Service
in Spanish 1000 GMT 18 Sep 90

[Excerpts] War Under Secretary Marcos Sanchez has said that the government wishes tomorrow's military parade to be a cause of reconciliation between the Armed Forces and the civilian population. He made these remarks at the end of a meeting with Defense Minister Patricio Rojas and General Carlos Parera, chief of the Santiago Military Garrison.

During the meeting they discussed the military parade and the situation that arose during a parade rehearsal.

[Begin recording] [Sanchez, in progress] ...to discuss the parade rehearsal and what happened during the rehearsal, and to make sure this does not happen during the parade. We believe these actions were organized.

[Reporter] Were they linked to the invitations?

[Sanchez] Well, Gen. Parera is responsible for the parade and for distributing invitations to the parade.

[Reporter] Is it true that invitations were handed to relatives of military personnel, of former CNI [National Intelligence Center] officials, and of UDI [Independent Democratic Union] members?

[Sanchez] I cannot say who they were given to, but invitations to the parade rehearsal were handled by the commander of the Santiago garrison—that is, Gen. Parera. [passage omitted]

[Reporter] Will the Defense Ministry convey to Gen. Parera its concern and its desire that similar actions do not happen again?

[Sanchez] The government wishes for the military parade taking place on the Army Day of Glories to be an occasion for reconciliation between the Armed Forces and the civilian population. We do not want any kind of organized political actions that would distort the meaning of the ceremony taking place on 19 September. [end recording]

Sanchez said that this year more than 16,000 servicemen will participate in the parade, which is scheduled to begin at 1500 on 19 September. [passage omitted]

Regarding Sanchez's remarks on the demonstration staged against Defense Minister Rojas on 15 September during the parade rehearsal, the Chilean Army deems that it is its duty to inform the public that:

In accordance with prevailing rules, the Santiago Army Garrison authority is charged with organizing the above-mentioned ceremony. Thus, it is their responsibility, among others, to distribute invitations for the bleachers section at O'Higgins Park. These tickets are traditionally distributed to relatives of Armed Forces personnel.

It is strange for such a high-ranking government official linked to the Army to have said that, in the government's opinion, the demonstrations were organized. In making this charge, he was involving the commander of the Army garrison in the unfortunate situation endured by the defense minister. It has never been the Army's institutional policy to organize or promote this type of action.

Finally, the Chilean Army reiterates that in celebrating the Army Day of Glories, it is only moved by its traditional desire to serve the fatherland, which is above any temporary situation.

First Six Months of Administration Evaluated

PY1809231890 Madrid EFE in Spanish 1944 GMT
17 Sep 90

[Text] Santiago 17 Sep (EFE)— Secretary General of the Presidency Edgardo Boeninger said today that the permanence of General Augusto Pinochet as Army Commander has been one of the most delicate problems of President Patricio Aylwin's first six months of administration.

During a news conference called to analyze the government's first six months of administration, Boeninger said that one of the most important objectives of the Aylwin administration is to incorporate the Armed Forces within a democratic system after 16 years of exercising power in an authoritarian manner.

Boeninger, who is considered to be the real political strategist of the current administration, said that in this process "the most difficult and delicate problem has been the permanence of General Pinochet as the Army commander."

He stated: "This creates tension, and we are currently living through a period of tension," although he added: "except for some statements by Pinochet, which have come near the limit" the incorporation of the Armed Forces in democracy has been achieved.

The secretary general of the presidency said that there is a general awareness in Chile, including among the Armed Forces, that their role has changed, although "there are people who are finding it very difficult to adapt; but they will have to do so."

"This is not a bed of roses," Boeninger said, and that is why even before assuming power "we said that it was bad for the country and for the Army that Pinochet

remained as Army commander, but since it was his right to do so we respect him, even though this creates tension."

Analyzing the first six months of the Aylwin administration, Boeninger said that achievements have been made "on all fronts, in all objectives, and in all lines of action," and he described the period as "very good" for the current Chilean authorities.

Boeninger referred to the work carried out by the "Truth and Reconciliation" commission that was created by Aylwin to investigate human rights violations.

He said that in practice this commission has clarified the suspicions of some sectors, mainly the right, which was worried that the government would replace the courts of justice with this commission.

Regarding human rights, the minister said that at first the government concentrated on establishing the truth, and when the commission finishes its work, it "will allow the courts of justice to act."

So far, progress has been made in identifying some human rights violators, Boeninger said, adding that he believes that the country "was not mature enough to assume the findings of the bodies."

Boeninger also referred to the economic situation and said that important progress has been made in this field—mainly the tax reform that will allow the government to begin collecting funds "at cruising speed as of 1991" for its social programs.

Boeninger said that the government received a "heated" economy and with a 30 percent annual inflation, a figure that has been reduced to 25.8 percent. He said that despite the Persian Gulf crisis, the government still expects to reduce it a few points further.

He added that the government has promised to respect the existing market economy model in Chile, and as a result of this, high investment levels were registered in Chile. This, he said, is "a very promising starting point for 1991."

As for Chile's return to the international community, Boeninger said that much progress has been made in the first six months of this democratic administration. He said that the country is a member of all the international forums, and it has signed many cooperation agreements with several countries.

The secretary general said that there are still some visible problems, especially with the United States, whose protectionist policy harms Chile. However, he said, there are positive signals in this field, especially through President George Bush's Initiative for the Americas.

Boeninger said that for the time being the government's priority is to amend the Constitution, and especially the municipal reform that is currently being discussed in Congress.

He added that just as the government wishes to conclude the political reforms it began during the first year of its administration, "we hope to conclude the Constitution amendments within the two first years."

Correction to Government Unable to Help Engineers

PY1409205690

The following correction pertains to the item headlined "Government Unable To Help Engineers in Iraq," published in the 14 September Latin America DAILY REPORT, page 26:

Column one, paragraph six, only sentence make read: ...the Iraqi Government."

Silva Cimma added... (providing missing quotation mark).

Colombia

*** Leftists Issue Declaration in Sao Paulo**

90SM0236A Bogota VOZ in Spanish 12 Jul 90 p 20

[Text] The meeting held on the initiative of the Workers' Party (PT), which is headed by former presidential candidate Inacio Lula Da Silva, in Sao Paulo, Brazil, on 2, 3, and 4 July, culminated successfully in the approval of a final resolution representing a consensus reached by 48 groups and 14 participating countries.

The hosts, led by Lula, and all of the factions within the PT, played an active role at the gathering and contributed substantially to the achievement of a consensus.

The participants representing Colombia included Jaime Caycedo, of the Communist Party of Colombia; Danilo Trujillo, of the Colombian Communist Party-Marxist-Leninist faction; and German Rojas, of the M-19 [19 April Movement], who signed this document of overwhelming importance on behalf of their organizations. We are publishing here the full text of the resolution, which marks the birth of a movement toward a regrouping on the Latin American left, based on clear postulates and precise perspectives, with a view to unity of action.

"We, the representatives of 48 leftist organizations, parties, and fronts in Latin America and the Caribbean, have met together in Sao Paulo, Brazil at the invitation of the Workers' Party.

Unprecedented in its scope and participation by the most widely varied ideological movements in the left wing, this meeting reconfirmed in practice the readiness of the forces of the socialist and anti-imperialist left on the subcontinent to share their analyses and assessments of their experience and of the world situation. Thus we have opened up new space in which to respond to the great challenges facing our people and our socialist, democratic, popular, and anti-imperialist ideals today.

In the course of an intensive and truly open, pluralistic, and democratic debate, we have discussed some of the major problems confronting us. We have analyzed the situation in the world capitalist system and the imperialist offensive, disguised by neoliberal discourse, which has been launched against our countries and our peoples. We have evaluated the crisis in Eastern Europe and the model of transition to socialism imposed there. We undertook a review of the revolutionary strategies of the left wing in that portion of the planet, and the challenges created for it by the international situation. We will continue to advance with these and other united efforts.

This gathering represented a first step toward identifying and dealing with the problems. We will hold another meeting in Mexico, where we will continue to apply our combined intelligence and will to the continuing analysis we have initiated. We will discuss the issues in greater depth and we will seek to put forth proposals for united action based on a consensus on the anti-imperialist and popular struggle. We will also promote specialized exchanges concerning the economic, political, social, and cultural problems facing the continental left wing.

We have ascertained that all of the leftist organizations share the view that a just, free, and sovereign society and socialism can only come about and be sustained on the basis of the will of the people, linked by their historic roots. We therefore assert our common will to renew the thinking of the left wing and socialism, to reaffirm its emancipating nature, to correct erroneous concepts, and to overcome any evidence of bureaucracy and any lack of veritable social and mass democracy. For us, the free, sovereign, and just society to which we aspire, and socialism, cannot be other than the authentic expression of the democracies and the most profound expression of justice for the people. For this reason, we reject any effort to take advantage of the crisis in Eastern Europe to promote the reestablishment of capitalism, to cancel out the achievements and social rights, or to encourage illusions about the nonexistent goodness of liberalism and capitalism.

We know from the historic experience of subjection to capitalist regimes and imperialism that the urgent needs and most serious problems of our peoples have their source in this system, and that they have not found solutions therein, nor in the systems of limited, sponsored, and even militarized democracies which prevail in many of our countries. The outcome desired by our peoples cannot come about without profound changes sponsored by the masses.

Our political organizations, meeting in Sao Paulo, have taken new heart in order to reaffirm our socialist, anti-imperialist, and popular concepts and goals in the emergence and development of vast social, democratic, and popular forces on the continent. They are faced with a choice between imperialism and neoliberal capitalism and its sequel of suffering, poverty, backwardness, and anti-democratic oppression. This reality confirms the left wing and socialism as the essential and emerging alternative.

An analysis of the proimperialist, neoliberal policies implemented by the majority of the Latin American governments and their tragic results, and a review of the recent "American integration" proposal put forth by President Bush with a view to channeling the dominant relations of the United States with Latin America and the Caribbean, reconfirm our conviction that we can achieve nothing positive by pursuing this path.

The recent proposal by the North American President follows a formula which was already known, but has been sweetened now to make it more deceitful. It involves liquidating our national patrimony through the transfer of strategic and profitable public enterprises to the private sector, in exchange for a fund to which the United States would contribute \$100 million. The formula calls for the continuing application of the nefarious "adjustment policies" which have pushed the deterioration of the lives of our peoples to an unprecedented low level.

Further still, the \$100 million in "subsidies" promised to the countries which implement neoliberal reforms does not even come to 0.5 percent of the \$25 billion which Latin America sent abroad in 1989 alone in terms of interest and amortization payments and the remittance of profits on foreign capital. The Bush plan seeks to open our national economies up fully to dishonest and unequal competition from the imperialist economic apparatus. This would subject us entirely to its hegemony and would destroy our productive structures by making them a part of a free trade zone, with hegemony and organization imposed by U.S. interests, while these interests remain protected by a profoundly restrictive Foreign Trade Law.

These proposals are, therefore, inconsistent with the genuine interests of our region having to do with economic and social development, and they are accompanied by the restriction of our national sovereignty and limitations on and paternalistic control of our democratic rights. In reality, they are designed to hinder the autonomous integration of our Latin America for the purpose of satisfying its most vital needs.

We have seen the true face of imperialism. It is that revealed in the implacable siege and renewed aggression against Cuba and against the Sandinist revolution in Nicaragua, in the open interventionism and support of militarism in El Salvador, in the U.S. invasion and military occupation of Panama, in the proposals and steps already taken to militarize the Andean zones in South America on the pretext of combating "narcoterrorism."

We therefore reaffirm our solidarity with the socialist revolution in Cuba, which is firmly defending its sovereignty and its achievements; with the Sandinist popular revolution, which is resisting the efforts to dismantle its conquests and is regrouping its forces; with the democratic, popular, and revolutionary forces in El Salvador, which are promoting demilitarization and a political solution to the war; with the Panamanian people, the

victims of invasion and occupation by the U.S. imperialists, whose immediate withdrawal we demand; and with the Andean peoples who are facing militaristic pressure from the imperialists.

But we are also defining here, as opposed to the proposal for integration under imperialist domination, the foundations for a new concept of continental unity and integration. It involves the reassertion of the sovereignty and self-determination of Latin America and our nations, with a view to the full recovery of our cultural and historic identity and the advancement of the internationalist solidarity of our peoples. This will require the defense of the Latin American patrimony; putting a halt to the flight and export of capital from the subcontinent; joint and united rejection of the scourge of an unpayable foreign debt; and the adoption of economic policies which will benefit the majority, and will be capable of combating the situation of poverty in which millions of Latin Americans live. Finally, it will require an active commitment to ensuring that human rights prevail, together with democracy and popular sovereignty as strategic values. This will put the forces of the socialist and progressive left in a position to face the challenge of constantly renewing their thinking and action.

Within this framework, we are today renewing our leftist and socialist proposals. Our commitments are to bread-winning, to beauty, and to happiness. Our desire is to achieve the economic and political sovereignty of our peoples and to ensure the primacy of social values based on solidarity. We assert our full confidence in our peoples, who when mobilized, organized, and aware, will forge, conquer, and defend a government which will make veritable justice, democracy, and freedom a reality.

We have learned from the errors committed, as well as from the victories won. Armed with a commitment to the truth and the cause of our peoples and nations which is nonnegotiable, we are setting out, certain that we can fill the space we have now opened up, together with the other Latin American and Caribbean leftist groups, with new trade and unity of action efforts, as the foundations of a free, just, and sovereign Latin America.

Ecuador

Borja Rejects Congressional Resolutions

PA1809173190 Paris AFP in Spanish 0106 GMT
18 Sep 90

[Text] Guayaquil, Ecuador, 17 Sep (AFP)—President Rodrigo Borja yesterday rejected an increase in the price of gasoline and the dismissal of the bank superintendent. [sentence as received] These measures were recently approved by the national congress, which is controlled by the opposition; Borja's rejection is yet another sign of the conflict between the executive and legislative branches.

Borja said that he will not comply with any "illegal or unconstitutional resolution approved by the parliament"

and called for clear and specific alternatives from the opposition, an opposition that has been criticizing the government's economic adjustment measures.

"The government I head will not obey any resolution that is unconstitutional and illegal," Borja emphasized, referring to a legislative resolution suspending the monthly increase in fuel prices.

According to a government resolution approved early this year through the Energy and Mines Ministry, 20 September will be the date of the last monthly increase in gasoline and diesel prices.

Concerning the legislative resolution that dismissed Bank Superintendent Fernando Guerrero, Borja noted that it is "completely unconstitutional and illegal" and maintained that Guerrero could be removed from his post only if he had violated the law while carrying out his duties.

The president said that the reason for Guerrero's dismissal was "laughable and ridiculous." Meanwhile, Congress President Averroes Bucaram asked Guerrero to explain his public remarks calling congress a "circus." Guerrero maintained his statement in a letter responding to Bucaram.

The "offense" to the parliament earned him a dismissal from the opposition, a majority in the legislature. Such a dismissal was contained in a resolution approved last week. However, Guerrero continues in his post and, on 17 September, he asked the Constitutional Guarantees Tribunal to rule on the unconstitutionality of the parliamentary resolution.

Several deputies have said that it is illegal for Guerrero to remain in his post. These deputies include leaders of the Socialist Party, a party that expelled Guerrero after 20 years of membership. The socialists are currently siding with the opposition to the social democratic regime.

New Agriculture and Livestock Minister Sworn In

PA1209130590 Quito EL COMERCIO in Spanish
4 Sep 90 p 1a

[Text] Alfredo Saltos Guales, the new Agriculture and Livestock Minister was sworn in by President Rodrigo Borja at the Presidential Palace on 3 September. Saltos Guales has replaced Mario Jalil, who resigned for health reasons.

* Oil Production Increase; Aid Forthcoming

90SM0253A Guayaquil EL UNIVERSO in Spanish
18 Aug 90 p 2

[Text] The state-owned Ecuador Petroleum Corporation, PETROECUADOR, has increased its daily crude oil production by 11,000 barrels, with production now totalling 65,500 per day, but by 1991 volume will be increased another 26,000 barrels with the incorporation of the Coca, Paraiso, Cantagallo and Frontera fields,

bringing the daily total up to 91,000 barrels per day, according to an announcement today by the Ministry of Energy and Mining.

This would be the highest volume ever produced by the state-owned company, which has been engaging in exploratory activities since the end of the 1970's.

Production Increase

To make this production increase possible, the Tiguino and Pucuna fields, with 3,500 and 3,000 barrels per day capacity, respectively, have been incorporated into production, and the extraction rates in other fields have been increased in accordance with the plans for the Bermejo, Tete, Libertador, Cuyabeno, and Sansahuari fields.

Civil Works

Civil works, storage tank construction and laying of pipelines are currently being executed at the Coca, Cantagallo, Paraiso, and Frontera fields, which will be incorporated into the country's production by the end of this year or the beginning of 1991, increasing current production by 26,000 barrels per day.

Volumes To Be Produced

With the incorporation of the new fields, Ecuador will produce a total of 308,955 barrels per day in 1991, given that in addition to the 9,500 barrels that PETROECUADOR will extract, there must be added the 210,819 barrels from the PETROECUADOR-Texaco consortium, the 5,676 from the PETROECUADOR-CIT Y association, and the 960 from the state-owned enterprise operating on the Santa Elena Peninsula.

Exploration

In addition, the Ministry indicated that through its PETROPRODUCCION affiliation exploratory activities have been taking place, with 428 km of seismic studies performed and an additional 1,185 km processed.

Cost Reduction

The Ministry noted that PETROECUADOR has emphasized reducing crude oil production costs in its northeast fields and on the Santa Elena Peninsula, and after the first quarter of this year the enterprise recorded a production cost of \$2.48 per barrel.

Additional Reserves

With the aim of limiting new rigs, proving additional reserves, and maintaining and increasing production during the first six months of this year, 12 preliminary and exploratory wells have been drilled, accounting for 63 percent of the plan.

PETROECUADOR Investments

Total investment for the corporation during the first six months of 1990 totalled \$31 million, of which \$4.1 million were for exploratory activities; \$15.6 million for

field incorporation and pumping; \$800,000 for complementary services; and \$10 million for well drilling.

International Investments

In addition, international firms operating under service leasing contracts have invested \$23.7 million, out of an approximately \$93 million budget.

Sixth Round

With the aim of broadening the country's range of petroleum activities, the corporation has called for a sixth round of contract bidding for blocks 18, 19 and 22, which were leased at a total investment of \$98 million, with 4,341 km of seismic lines and eight exploratory wells drilled.

*** Canada Offers To Finance Imports**

90SM0253B Quito HOY in Spanish 4 Aug 90 p 3A

[Text] Canada has created nonreimbursable lines of credit for Ecuador, to finance Canadian imports of equipment for the oil, telecommunications and basic industrial goods sectors.

The assistance falls under the bilateral cooperation agreement signed yesterday by the two governments, following Canadian Minister of Energy and Mining Jacobo Epp's visit to Ecuador.

The cooperation program will be executed through the Canadian Agency for International Cooperation, with an initial total of 20 million Canadian dollars.

It includes a mechanism of broad balance of payments and economic recovery support for Ecuador, through the creation of nonreimbursable lines of credit to finance Canadian imports of equipment for the oil, telecommunications and basic industrial goods sectors.

Donation of 11,000 Tons of Wheat

Those lines [of credit] also include the donation of about 11,000 metric tons of wheat.

In addition, the financing program will provide initial capital for the Ecuadorian-Canadian Development Fund, which will support productive and self-sustaining projects with priority given to small-scale agricultural production, rural infrastructure, soil and water management and development, primary health, education, and social well-being.

According to its announcement, the Government of Canada already has other programs operating in Ecuador, such as human resources development, the objective of which is to improve and increase operational and technical management capacity in high-priority economic sectors such as mining, agroindustry, biotechnology, tourism, oil, the environment, and telecommunications.

Training of Ecuadoreans

The cooperation program anticipates training Ecuadoran professionals in Canada through university or technical studies, or short courses and lectures.

In Ecuador the plan includes specialized courses and seminars.

Through the industrial cooperation program the Agency has financed feasibility studies, consulting activities, and training, to facilitate the development of joint industrial enterprises and the transfer of technology.

There is also the institutional cooperation program, between Ecuadoran and Canadian universities and institutes of higher education.

Peru**Torres Wants To Expand U.S. Antidrug Treaty**

PY1809184490 Lima Television Peruana in Spanish
1100 GMT 18 Sep 90

[Text] Defense Minister Jorge Torres Aciego has said that he agrees with the cooperation agreement with the United States to fight drug trafficking, although he said some points need to be improved.

[Begin recording] [Torres] The agreement is beneficial for us; however, it should also include measures to eradicate coca plantations and replace them with other crops. Nevertheless, any cooperation from other countries, as long as it seeks to eradicate drug trafficking, is beneficial for us.

[Reporter] [Question indistinct]?

[Torres] I am sorry—I do not understand you.

[Reporter] Are you in favor of expanding that agreement in [words indistinct]?

[Torres] The military forces need support in this infamous war in which we are involved. We did not start this war. It was started by a group of bad people. Let us hope the problem will be eradicated and that it will be understood that it is a fratricidal war for which we need support with equipment, materiel, weapons, and probably some training.

[Reporter] Minister, how about troops?

[Second reporter] What do you know about the press reports on the border incident where Peruvian soldiers are allegedly ill-treating Ecuadoran miners?

[Torres] We are going to conduct an investigation. Yes, I learned through the newspapers that Peruvian soldiers have carried out actions on the Ecuadoran border. We are going to look into this case, and I will inform you of our findings. [end recording]

Shining Path Attacks Village; Clashes Reported

PY1809153890 Madrid EFE in Spanish 0326 GMT
18 Sep 90

[Text] Lima, 17 Sep (EFE)—Police sources reported today that three people were murdered by a Shining Path terrorist column during an attack on a village in Puno Department, in the southeast of Peru.

The attack by approximately 30 terrorists occurred on 16 September at Asillo, Azangaro Province, Puno Department. The attack against a police post was carried out with firearms and dynamite, but the policemen were able to repel the attack.

The report is not very detailed nor does it indicate how the three inhabitants of Asillo, 120 km from Puno, the capital of the department, 1,315 km southeast of Lima, were murdered.

Police have indicated that on 16 September in Nunoa, another village in the northern part of Puno Department, there was a clash between security forces and Shining Path members, although there is no mention of casualties.

According to the report, this terrorist column had attacked several villages over the past few weeks and burned houses and killed about 3,000 sheep.

In Lima, police have reported that today about 10 alleged terrorists attacked a service station in the poor Lima neighborhood of De La Victoria and stole 140 million intis (\$320). Then they proceeded to set one of the pumps on fire and explode a device before fleeing.

It has also been reported from Huanuco, in Peru's central hilly area, that over the past few days the Army and police captured some 30 Shining Path militants.

According to a special Congressional committee, political violence in Peru has resulted in the death of 20,000 persons and caused damage amounting to more than \$19 billion since the Shining Path rose up in arms in May 1980.

*** Garcia on 'Discontent' Within Change 90**

90SM0252A Lima EL NACIONAL in Spanish
21 Aug 90 p 9

[Interview with Carlos Garcia Garcia, second vice president, by unidentified reporter; place and date not given]

[Text] Peruvian Second Vice President Carlos Garcia Garcia has recently become the dissident factor within Alberto Fujimori's government. The reason is obvious: he was the first to protest against a more socialist application of the economic stabilization program and in favor of one more aligned with the IMF, the formulation of which he did not participate in, he claims.

The truth is that Garcia Garcia from the very beginning took a stance supporting the highest principles of Change 90, calling for the President of the Republic to act independently in developing his supreme mandate.

Practically isolated from the Government Palace and "confined" to his office at the Civic Center, the second vice president, in an exclusive interview granted yesterday to EL NACIONAL, stated emphatically that he would take a definitive position if after surviving the crisis Alberto Fujimori does not return to his movement's principles.

In addition, he announced that he had become the "dissident voice" among all those people who intend to engage in political or religious proselytizing in favor of the social emergency plans, which in his opinion are already clearly in retreat.

[HOY] Mr. Garcia, in reality has a crack has been produced in the government's facade as a result of Alberto Fujimori's support for the Peruvian right?

[Garcia] I would not call it a crack, what has happened is that a certain discontent has been generated among the grassroots of Change 90, because the public administration is conferring many important responsibilities on people from the right. There is, then, what can be defined as a struggle to obtain some representation in the key government positions.

[HOY] Nevertheless, it is said that the government's economic stabilization program is in the pure Fredemo [Democratic Front] style...

[Garcia] Well, there are some similarities, if you can call them that, in particular the austerity measures the government has just applied in all the public enterprises, to reduce excess personnel, but under no circumstances can Alberto Fujimori's economic plan be classified as having the same structure as that proposed by Mario Vargas Llosa. That means that in some respects the plan has similarities to Vargas Llosa's proposals, because the common factor is to attack inflation and the budget deficit. It is necessary to reduce excess personnel in some ministries and public entities, and that surplus originated, for the most part, during the final months of the previous regime's administration, during which exaggerated increases in the hiring of new employees, officials and workers was permitted without prior discussion. In any case, the State now has the necessary resources to make a deal with that excess personnel in the ministries, by offering them incentives so as to generate voluntary resignations.

[HOY] Is it certain that in reality the person running the government, especially on the issue of personnel reductions, is not Alberto Fujimori but rather Juan Carlos Hurtado Miller?

[Garcia] What I know is that President Fujimori has not ceased steering the government, and that although it is certain that people of rightist ideology have come to occupy posts of important responsibility under Hurtado Miller, one must hope that their work will be professional and nonpartisan, because if it is not they would be betraying the positions to which they were appointed.

[HOY] Then Mr. Fujimori has not become as close to the right as he is said to have?

[Garcia] Well, I have faith that after passing through the difficult stage during the application of the economic stabilization program and then having overcome the crisis, President Alberto Fujimori will take the banner up again: the basic principles and postulates of Change 90. What I want to say is that despite the obvious presence in the government of people linked to the right, Fujimori will not abandon his movement's principles.

[HOY] Sir, do you merely believe this, or are you promising that he will not abandon them?

[Garcia] I am only able to hope.

[HOY] What would happen if after the crisis, in the month of January Fujimori forgets about Change 90?

[Garcia] Well then, in that case I would have to think about taking a definitive stance, and I would express my discomfort with that. That has nothing to do, from anyone's point of view, with Hurtado Miller's being named to the position of minister of economics and finance, as had been stated at some point.

[HOY] Nevertheless, you have expressed your disagreement with the application of the government's economic stabilization program.

[Garcia] Yes, because it seems to me that it is an incomplete program with large gaps. One of those has to do with the fact that tax measures to make the richer classes pay more taxes have not been specifically identified. In addition, things were not coordinated to allow the social emergency program to begin on the Fujimori government's first working day, which has caused a whole series of dislocations as well as a serious lack of economic resources. That is due to the fact that the social emergency program was calculated to be applied to a specific number of Peruvians, and did not account for the fact that the economic measures would result in more poor people.

[HOY] Did you participate in the formulation of the economic stabilization program?

[Garcia] I did not participate at all, simply because I was not invited. This was a program developed by an economic team to which I did not have access.

[HOY] Did they tell you why you were not invited?

[Garcia] Because it was a very closed group. On the other hand, I did participate on the Santiago Roca economic team, especially in developing a program to improve living conditions, food, and health.

[HOY] Did the president of the Republic not tell you that his door is always open to you?

[Garcia] No, I do not have much contact with the Government Palace, and in that respect one must consider the president's working style. You can find the reasons for his attitude there.

[HOY] There is a series of accusations to the effect that a certain sector of the right headed by Violeta Correa Miller intends to politicize the social emergency program. What do you know of that?

[Garcia] I have no exact information to that respect, but it cannot under any circumstances be permitted, with people going hungry. If I had proof of those activities I would denounce them.

Guyana

Guard Invites Opposition Parties to Talks

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[Text] Georgetown, Guyana, Sept 18, CANA—The anti-government pressure group, Guyanese Action for Reform and Democracy (Guard), is trying to get opposition parties grouped under the Patriotic Coalition for Democracy (PCD) to patch up their differences. Guard says it will be convening a meeting with the parties on Tuesday with that in mind.

The PCD which groups the People's Progressive Party (PPP), the Working People's Alliance (WPA), the Democratic Labour Movement (DLM), and the National Democratic Front (NDF) has been trying for the last three months to reach agreement on a package for contesting the forthcoming general election as a united front.

Guard's co-ordinator, N.K. Gopaul, told CANA invitations to Tuesday's meeting were dispatched at the weekend but up to Monday no responses had been received. The PPP, DLM, and NDF could not be

reached by telephone Monday for comments about whether they will attend Tuesday's meeting.

There was no certainty either whether the Working People's Alliance, the fourth PCD member, will attend the meeting. Eusi Kwayana, one of the three co-leaders of the WPA, told CANA the WPA would meet late Monday to discuss the invitation.

Some parties within the PCD, the PPP and the DLM in particular, recently accused Guard of trying to blackmail the PCD by threatening to field what Guard called a "third slate" of candidates, if the PCD failed to agree on a consensus arrangement for the upcoming elections. The PCD talks collapsed two Fridays ago with the PPP and the WPA poles apart on the major contentious issue: who should be the consensus presidential candidate to head a joint slate of opposition candidates for a one-year interim government.

The PPP is insisting that its leader and former Premier Dr. Cheddi Jagan should be the presidential candidate. The WPA is insisting, however, that attorney-at-law and trade unionist, Ashton Chase, himself a former leading PPP member but who has not been active in politics for more than two decades, should be the candidate. The WPA is contending that Chase who was nominated by Guard, is best qualified to lead a one-year interim government which would carry out a PCD programme embracing the rewriting of the country's Constitution and drawing up new rules for the holding of national elections.

Since the talks collapsed on September 7, the parties have all indicated that they are keeping the door open to a possible agreement for they are convinced that a united front has the best chance of unseating the ruling People's National Congress which has been in office since 1964.

According to Gopaul, Guard is still keeping open its option of fielding a third slate. Meanwhile, Chase who addressed a Guard public rally for the first time Sunday, said he agreed that his name be used as a candidate for the consensus presidency in the context that the parties were looking for someone from outside the parameters of the parties themselves who could hold them together.